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CREDITS

Significant contributions have been made by many individuals to the evolution of this Fiscal Plan over recent years through leadership, conceptual development, technical refinement, and persistent questioning. Their support has been essential and is appreciated.

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ADDITIONAL CREDITS

Much of the work on the Fiscal Plan components, especially regarding Special Funds, has been led by specific OMB staff, working with the leadership and staff of other departments and agencies whose contributions have been crucial to both the technical development of the tools and to the substance of recommendations for consideration by the Executive and Council. The names of the respective OMB staff are listed below as points of contact for further information and can be reached at 240.777.2800.

SPECIAL FUND

Cable Television
Montgomery Housing Initiative
Community Use of Public Facilities
Economic Development
Fire Tax District
Fleet Management Services (Motor Pool)
Liquor Control
Mass Transit Facilities
M-NCPPC Administration
M-NCPPC Enterprise
M-NCPPC Park
Montgomery College Current Fund
Noise Abatement Districts
Parking Districts
Permitting Services
Central Duplicating/Print and Mail
Recreation
Self-Insurance: Liability & Property
Self-Insurance: Employee Health Benefits
Solid Waste Collection
Solid Waste Disposal
Solid Waste Leaf Vacuuming
Urban Districts
Water Quality Protection
WSSC Water and Sewer Operating Funds

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OFFICE OF MANAGEMENT AND BUDGET

MEMORANDUM

Isiah Leggett
County Executive

Joseph F. Beach
Director

March 28, 2008

TO: Interested Readers

FROM: Joseph F. Beach, Director
Office of Management and Budget

SUBJECT: FY09-14 Fiscal Plan

Executive Summary:

One of the County Executive's key requirements in developing his first budget was to prepare a fiscally prudent and sustainable spending plan. His recommended FY08 budget reduced the rate of tax supported spending by 40 percent, from 9.8 percent in FY07 to 7 percent in FY08. The Executive's recommended FY09 operating budget continues this effort, reducing the rate of tax supported growth to 3.2 percent compared to the Council-approved increase of 7.4 percent in FY08. This pull-back in spending is necessary to correct the structural imbalance in the operating budget by bringing current and expected expenditures into alignment with revenues, particularly during this period of considerable economic uncertainty.

The Executive's approach focused on preserving essential services, protecting the vulnerable, achieving significant productivity improvements, and making permanent, long-term cost reductions. Only after considering the additional significant service reductions needed to close the budget gap did the Executive recommend an increase to the property tax, which has been structured in a progressive manner to limit the burden on owner-occupied properties, particularly on lower assessed homes. Within this more sustainable spending plan, the Executive still affirmed the priorities of education, public safety, affordable housing, and social services.

Significant challenges remain on the horizon, including rising employee compensation and benefit costs, continued funding of retiree health insurance expenses, increased demand for new and expanded services or restoration of service reductions, increased pressure on the operating budget from capital investment, and continued economic weakness or recession. Even after significantly reducing the rate of expenditure growth in the last two years and increasing the property tax, the current projected FY10 budget gap is over \$200 million, which does not include any additional reductions in Federal and State Aid which would complicate the County's ability to plan for the FY09-14 period.

Background:

The recommended FY09-14 Fiscal Plans for the tax supported and non-tax supported funds of the agencies of County government are provided for your information. Portions of this material were initially published in the FY09-14 Recommended Operating Budget and Public Services Program (March 17, 2008).¹ As in past years, this information is intended, in part, to assist the Council's Management and Fiscal Policy Committee to develop its recommendations on possible adjustments to the Spending Affordability Guidelines for the FY09 Operating Budget. The Executive's fiscal policies support:

- prudent and sustainable fiscal management: constraining expenditure growth to expected resources;
- identifying and implementing productivity improvements;
- avoiding the programming of one-time revenues to on-going expenditures;
- growing the local economy and tax base;
- obtaining a fair share of State and Federal Aid;
- maintaining strong reserves, particularly during this period of economic weakness;
- minimizing the tax burden on residents; and
- managing indebtedness and debt service very carefully. Once again, all of the major rating agencies have recognized these policies by continuing to affirm our coveted AAA credit rating, the highest possible.

Fiscal Plan for the Tax Supported Funds:

The recommended fiscal planning objectives for FY09-14 for the tax supported funds are:

- Adhere to sound fiscal policies.
- Increase the tax credit from \$613 to \$1,014 for owner-occupied households, and raise the property tax by 7.5 cents (weighted rate) to generate \$128 million in revenues in FY09.
- Assume property tax revenues at the Charter Limit during FY10-14 in the fiscal plan.
- Maintain total tax supported reserves (operating margin and the Revenue Stabilization Fund) at 6 percent of total resources.
- Manage fund balances in the non-tax supported funds to established policy levels where applicable.

¹ In addition to these two documents, the reader is encouraged to review other County fiscal materials such as the Comprehensive Annual Financial Report for the year ended June 30, 2007; the Annual Information Statement published by the Department of Finance on January 15, 2008; and Economic Indicators data. Budget and financial information for Montgomery County can also be accessed on the web at www.montgomerycountymd.gov.

- Assume current State aid formulas, but continue successful strategies to increase State (and Federal) operating and capital funding.
- Maintain priority to economic development and tax base growth:
 - Seize opportunities to recruit and retain significant employers compatible with the County's priorities;
 - Give priority to capital investment that supports economic development/tax base growth.
- Maintain essential services.
- Limit exposure in future years to rising costs by controlling baseline costs and allocating one-time revenues to one-time expenditures, whenever possible.
- Manage all debt service commitments very carefully, consistent with standards used by the County to maintain high credit ratings and future budget flexibility. Recognize the fixed commitment inherent in all forms of multi-year financing (long-term bonds, shorter-term borrowing, and lease-backed revenue bonds) that must be accommodated within limited debt capacity.
- For capital investment, allocate debt, current revenue, and other resources made available by the fiscal objectives above according to priorities established by policy and program agendas.
- Program PAYGO at least 10 percent of anticipated General Obligation Bond levels to contain future borrowing costs.
- For services, allocate resources consistent with policy and program agendas.

The major challenges for FY09-14 will be to contain on-going costs, preserve essential services, make improvements in other services including education, public safety, affordable housing, transportation, and health and human services, as the housing market and general economy continue to show signs of persistent weakness.

Fiscal Plans for the Non-Tax Supported Funds:

By definition, each of the non-tax supported (fee-supported) funds is independent, covering all operating and capital investment expenses from its designated revenue sources. The fiscal health of each fund is satisfactory, though looking ahead some funds will need to meet expected challenges by rate adjustments and/or expenditure management decisions. One continuing challenge for some of these funds relates to the impact of pre-funding retiree health insurance costs.

Conclusion:

Montgomery County's fiscal health is strong as a result of its underlying economy and the financial management policies endorsed by its elected officials. Nonetheless, we continue to face significant challenges in the years ahead. The FY09-14 Fiscal Plans reflect these challenges in their assumptions and projections.

Comments on the Fiscal Plans that follow are encouraged as opportunities for improvement. OMB and Finance staffs of the County government, and Finance staff of the other agencies, are available to assist in the Council's deliberations.

Attachment: FY09-14 Fiscal Plan for Montgomery County, Maryland

cc: Isiah Leggett, County Executive
Members, Montgomery County Council
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MONTGOMERY COUNTY FUNDS

Presented below are the various funds of Montgomery County. Funds are shown by general category (tax supported vs. non-tax supported) and by agency. The funds within the tax supported category are those included in the Fiscal Plan Summary.

TAX SUPPORTED FUNDS:	NON-TAX SUPPORTED FUNDS:
<p>MCPS: Current Fund</p> <p>Montgomery College: Current, and Emergency Repair Funds</p> <p>M-NCPPC: Administration, Parks, and Advanced Land Acquisition Funds</p> <p>Montgomery County Government: General, Recreation, Urban Districts, Noise Abatement Districts, Mass Transit, Fire, and Economic Development Funds</p> <p>Debt Service associated with General and Special Tax Supported Funds</p> <p>Revenue Stabilization Fund</p>	<p>MCPS: Grant, Food Service, Adult Education, other Enterprise, and Internal Service Funds</p> <p>Montgomery College: Grant, Continuing Education, Cable Television, Auxiliary Funds, and Internal Service Funds</p> <p>M-NCPPC: Grant, Enterprise, Property Management, Special Revenue, and Internal Service Funds</p> <p>Montgomery County Government: Grant, Solid Waste Collection and Disposal, Leaf Vacuuming, Parking Districts, Cable Television, Liquor Control, Permitting Services, Community Use of Public Facilities, Montgomery Housing Initiative, Water Quality Protection, and Internal Service Funds</p> <p>Debt Service associated with Non-Tax Supported Funds is appropriated in the individual fund that is obligated to make the debt service payment (e.g., Parking District Revenue Bonds)</p> <p>Housing Opportunities Commission (HOC)</p> <p>Revenue Authority</p> <p>WSSC</p>

TAX SUPPORTED FUNDS

Public Services Program

- Fiscal Plan Summary

Capital Improvements Program

- General Information: CIP
- Debt Capacity Analysis
- General Obligation Bond Adjustment Chart
- Current Revenue Requirements for the CIP

County Executive's Recommended FY09-14 Public Services Program Tax Supported Fiscal Plan Summary

(\$ in Millions)														
	App FY08 5-24-07	Est. FY08 3-17-08	% Chg. FY08-09 Rec/Bud	Rec. FY09	% Chg. FY09-10	Projected FY10	% Chg. FY10-11	Projected FY11	% Chg. FY11-12	Projected FY12	% Chg. FY12-13	Projected FY13	% Chg. FY13-14	Projected FY14
Total Resources														
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- Notes:
1. Projected FY10-14 Agency Uses are based on 10-year average rate of growth plus phase-in of retirees health insurance pre-funding incremental cost.
 2. FY10-14 property tax revenues are assumed at the Charter Limit.

FY09-14 FISCAL PLAN

GENERAL INFORMATION: CAPITAL IMPROVEMENTS PROGRAM

Investment in the construction of public buildings, roads, and other facilities planned by County public agencies is generally budgeted in the Capital Improvements Program (CIP). The six-year CIP is the County's plan for constructing the infrastructure to implement approved master plans and the facilities required to deliver government programs and services and to complement and support private development. The CIP is a multi-year spending plan, including capital expenditure estimates, funding requirements, and related program data for all County departments and agencies with capital projects. The capital budget includes required appropriation, expenditures, and funding for the upcoming fiscal year.

The CIP is by law (for the first year) and by policy (for the second through sixth years) a balanced plan, where planned expenditures do not exceed anticipated resources to fund them. The CIP is supported by a variety of funding sources.

The tax supported portion of the CIP is funded by General Obligation debt (for which debt service is paid from revenues from one of the County taxes), Current Revenues from a County tax source, or an inter-governmental source.

The non-tax supported portion of the CIP may be funded by current revenues from a non-tax source, or debt, with the debt service paid from the non-tax source.

Impact of the CIP on the Public Services Program/Operating Budget

The CIP impacts the six-year Public Service Program and Operating Budget in several ways.

Debt Service is the annual payment of principal and interest on general obligation bonds and other long- and short-term debt used to finance roads, schools, and other major projects. Debt service is budgeted as a fixed cost or a required expenditure in the Public Services Program and Operating Budgets of the General Fund and various other funds which issue debt.

An additional amount of County current revenues may be included in the operating budget as a direct bond offset to reduce the amount of borrowing required for project financing. This is called Pay-As-You-Go (PAYGO) Financing.

Selected CIP projects are funded directly with County current revenues in order to avoid costs of borrowing. These cash amounts are included in the operating budget as specific transfers to individual projects within the capital projects fund. Planning for capital projects is generally funded with current revenues, as are furniture, equipment and books (as for libraries).

The construction of government buildings and facilities also results in new annual costs for maintenance, utilities, and additional staffing required for facility management

and operation. Whenever a new or expanded facility involves program expansion, as with new school buildings, libraries, or fire stations, the required staffing and equipment (principals, librarians, fire apparatus) represent additional operating budget expenditures. Operating Budget Impacts are calculated to measure the incremental changes in spending against spending which would occur whether or not the capital investment occurs. Hence, for new school facilities, building maintenance and administrative staff are considered to impact the operating budget. Teachers, who would be hired in any case, based on numbers of students, are not considered impacts of the capital improvements program.

The implied Operating Budget Impacts of the Recommended CIP are included among the projected expenditure changes described in the Public Services Program.

Explanation of Charts:

Debt Capacity Analysis

This chart displays the performance of the G.O. bond funded portion of the Capital Improvements Program and various long- and short-term leases, against a variety of economic and fiscal indicators. Taken together, these comparisons are considered, along with other factors, by credit rating agencies in determining the County's G.O. bond rating. Therefore, the County manages its debt-related decisions against these same criteria to ensure continuation of our AAA rating, the best available.

General Obligation Bond Adjustment Chart

This chart compares the General Obligation bonds available for programming, with recommended programmed bond funded expenditures for the FY09-14 year program. The line labeled "Bonds Planned for Issue" generally follows Spending Affordability Guidelines set by the County Council for general obligation debt. Amounts in the line labeled "Less Set Aside: Future Projects" indicate the amount available for possible future expenditures not yet programmed in individual projects. The debt service implied by these planned bond issues is budgeted in both tax supported and non-tax supported operating budgets.

Schedule A-3, for the Capital Improvements Program Current Revenue Requirements

This chart displays the CIP current revenue requirements of County agencies, by fund, across the six years of the Capital Improvements Program. Generally, current revenue assumptions made for the January Recommended CIP are conservative, and, if resources allow, additional current revenue may be recommended at the time PSP decisions are made in March. Because of the non-recurring nature of capital projects, the CIP is a good place to invest "one time" funds. The Total Current Revenue Requirement also includes PAYGO contributions made as direct offsets to debt obligations. Inflation and set-asides for future projects are unallocated amounts to cover increased costs due to inflation and for future unprogrammed projects.

DEBT CAPACITY ANALYSIS (1)									
FY09-14 Capital Improvements Program									
COUNTY EXECUTIVE RECOMMENDED									
MARCH 17, 2008									
GO BOND 6 YR TOTAL = 1,800.0 MILLION									
GO BOND FY09 TOTAL = 300.0 MILLION									
GO BOND FY10 TOTAL = 300.0 MILLION									
	FY08	FY09	FY10	FY11	FY12	FY13	FY14		
1 New GO Debt Issued (\$000s)	250,000	300,000	300,000	300,000	300,000	300,000	300,000		
2 GO Debt/Assessed Value	1.28%	1.25%	1.23%	1.21%	1.20%	1.18%	1.14%		
3 Debt Service + LTL + Short-Term Leases/Revenues (GF)	8.84%	8.84%	9.37%	9.59%	9.76%	9.92%	9.95%		
4 \$ Debt/Capita	1,931	2,078	2,208	2,326	2,433	2,527	2,611		
5 \$ Real Debt/Capita (FY08=100%)	1,931	2,021	2,092	2,146	2,188	2,217	2,234		
6 Capita Debt/Capita Income	2.86%	2.96%	3.00%	3.03%	3.05%	3.02%	2.98%		
7 Payout Ratio	68.32%	67.82%	67.62%	67.65%	67.87%	68.21%	68.70%		
8 Total Debt Outstanding (\$000s)	1,869,238	2,034,451	2,186,064	2,325,820	2,455,295	2,572,910	2,681,670		
9 Real Debt Outstanding (FY08=100%)	1,869,238	1,979,038	2,070,615	2,146,118	2,208,177	2,256,415	2,294,436		
10 Note: OP/PSP Growth Assumption (2)		4.6%	4.4%	4.2%	4.5%	4.7%	4.4%		
Notes:									
(1) This analysis is used to determine the capacity of Montgomery County to pay debt service on long-term GO Bond debt, long-term leases, and substantial short-term financing.									
(2) OP/PSP Growth Assumption equals change in revenues from FY08 approved budget to FY09 budget for FY09 and budget to budget for FY10-14									

GENERAL OBLIGATION BOND ADJUSTMENT CHART

FY09-14 CAPITAL IMPROVEMENTS PROGRAM

COUNTY EXECUTIVE RECOMMENDED

AS OF JANUARY 15, 2008

(\$ millions)	6 YEARS	FY09	FY10	FY11	FY12	FY13	FY14
BONDS PLANNED FOR ISSUE	1,800.000	300.000	300.000	300.000	300.000	300.000	300.000
Assumes Council SAG							
Plus PAYGO Funded	180.000	30.000	30.000	30.000	30.000	30.000	30.000
Adjust for Implementation *	209.986	42.857	42.857	32.387	31.482	30.616	29.788
Adjust for Future Inflation *	(81.552)	-	-	(8.519)	(16.666)	(24.457)	(31.909)
SUBTOTAL FUNDS AVAILABLE FOR DEBT ELIGIBLE PROJECTS (after adjustments)	2,108.434	372.857	372.857	353.867	344.816	336.159	327.878
Less Set Aside: Future Projects	279.280	14.430	15.793	26.758	37.497	100.227	84.575
	13.25%						
TOTAL FUNDS AVAILABLE FOR PROGRAMMING	1,829.154	358.427	357.064	327.109	307.319	235.932	243.303
MCPS	(857.101)	(156.960)	(143.333)	(136.338)	(150.527)	(136.936)	(133.007)
MONTGOMERY COLLEGE	(151.007)	(33.254)	(34.937)	(8.675)	(13.129)	(24.621)	(36.391)
M-NCPPC PARKS	(75.577)	(14.203)	(11.179)	(16.094)	(15.740)	(10.125)	(8.236)
TRANSPORTATION	(415.909)	(59.459)	(74.220)	(91.154)	(92.487)	(46.748)	(51.841)
MCG - OTHER	(329.560)	(94.551)	(93.395)	(74.848)	(35.436)	(17.502)	(13.828)
SUBTOTAL PROGRAMMED EXPENDITURES	(1,829.154)	(358.427)	(357.064)	(327.109)	(307.319)	(235.932)	(243.303)
AVAILABLE OR (GAP)	-	-	-	-	-	-	-
NOTES:							
* Adjustments Include:							
Inflation =		2.80%	2.70%	2.65%	2.60%	2.55%	2.50%
Implementation Rate =		87.50%	87.50%	90.00%	90.00%	90.00%	90.00%

CURRENT REVENUE REQUIREMENTS FOR THE CAPITAL IMPROVEMENTS PROGRAM

COUNTY EXECUTIVE RECOMMENDED

TAX SUPPORTED APPROPRIATIONS (\$000s)	ACTUAL FY07 Exp	APPROVED FY08 Appr.	LATEST FY08 Appr	RECOMMENDED 6 YR	REC FY09 Appr.	REC FY10	REC FY11	REC FY12	REC FY13	REC FY14
GENERAL REVENUE SUPPORTED										
MCG	4,809	23,134	23,984	77,141	18,124	19,438	16,677	10,982	5,950	5,970
M-NCPPC PARKS	4,194	2,862	2,862	15,538	3,298	2,448	2,448	2,448	2,448	2,448
PUBLIC SCHOOLS (MCPS)	13,295	5,162	5,162	42,614	20,052	13,112	2,100	2,450	2,450	2,450
MONTGOMERY COLLEGE	2,525	4,181	4,181	17,506	3,681	3,681	2,513	2,419	2,606	2,606
HOC	583	250	250	7,600	1,350	1,250	1,250	1,250	1,250	1,250
CIP PAYGO - REGULAR	21,325	21,338	22,714	151,092	27,009	25,812	25,214	24,616	24,319	24,122
CIP PAYGO - RSF CONTRIBUTION	6,175	6,162	4,786	28,908	2,991	4,188	4,786	5,384	5,681	5,878
TOTAL CIP PAYGO	27,500	27,500	27,500	180,000	30,000	30,000	30,000	30,000	30,000	30,000
SUBTOTAL	52,906	63,089	63,939	340,399	76,505	69,929	54,988	49,549	44,704	44,724
OTHER TAX SUPPORTED										
MASS TRANSIT	2,384	3,316	3,316	3,345	1,112	453	360	350	400	670
FIRE CONSOLIDATED	-	706	706	2,136	-	646	1,490	-	-	-
M-NCPPC PARKS	330	350	350	2,050	300	350	350	350	350	350
URBAN DISTRICTS	-	-	-	-	-	-	-	-	-	-
ECONOMIC DEVELOPMENT FUND	251	2,550	700	-	(1,400)	1,400	-	-	-	-
SUBTOTAL	2,714	6,922	5,072	7,531	12	2,849	2,200	700	750	1,020
SUBTOTAL TAX SUPPORTED										
INFLATION	-	-	-	4,719	-	-	720	1,077	1,237	1,685
SUBTOTAL ALLOCATION:	-	-	-	4,719	-	-	720	1,077	1,237	1,685
TOTAL TAX SUPPORTED CURRENT REVENUE REQUIREMENT:	55,619	70,011	69,011	352,649	76,517	72,778	57,908	51,326	46,691	47,429
NON-TAX SUPPORTED EXPENDITURES (\$000s)	ACTUAL FY07 Exp	APPROVED FY08 Exp	LATEST FY08 Exp	RECOMMENDED 6 YR Exp	REC FY09 Exp	REC FY10	REC FY11	REC FY12	REC FY13	REC FY14
NON-TAX SUPPORTED										
MONTGOMERY HOUSING INITIATIVE	(2)	500	405	1,000	500	500	-	-	-	-
PARKING DISTRICTS	6,800	7,706	7,568	26,347	6,777	5,782	3,447	3,447	3,447	3,447
SOLID WASTE DISPOSAL	4,977	8,035	8,425	22,351	11,718	10,633	-	-	-	-
M-NCPPC ENTERPRISE FUND	19	100	171	600	100	100	100	100	100	100
CABLE TV FUND	1,810	2,058	2,995	10,189	2,389	1,735	1,610	1,535	1,460	1,460
WATER QUALITY PROTECTION CHARGE	151	500	906	13,726	2,321	2,241	2,241	2,291	2,291	2,341
SUBTOTAL EXPENDITURES:	13,755	18,899	20,470	74,213	23,805	20,991	7,398	7,373	7,298	7,348
TOTAL CURRENT REVENUE REQUIREMENTS	69,375	88,910	89,481	426,862	100,322	93,769	65,306	58,699	53,989	54,777

TAX SUPPORTED FUNDS SIX YEAR FISCAL PLANS

Montgomery County Government

- Bethesda Urban District Fund
- Silver Spring Urban District Fund
- Wheaton Urban District Fund
- Fire Tax District Fund
- Mass Transit Facilities Fund
- Bradley Noise Abatement District Fund
- Cabin John Noise Abatement District Fund
- Recreation Fund
- Economic Development Fund

Montgomery College

- Montgomery College Current Fund

Maryland-National Capital Park and Planning Commission

- M-NCPPC Administration Fund
- M-NCPPC Park Fund

Debt Service

- Debt Service Fund

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN				Bethesda Urban District			
FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.016	0.016	0.016	0.016	0.016	0.016	0.016
Assessable Base: Real Property (000)	3,024,300	3,371,400	3,689,300	3,988,000	4,259,200	4,558,100	4,884,300
Property Tax Collection Factor: Real Property	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.040	0.040	0.040	0.040	0.040	0.040	0.040
Assessable Base: Personal Property (000)	195,700	198,700	200,200	202,500	204,800	207,100	209,400
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.56%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	4.00%	2.50%	3.50%	4.00%	4.50%	4.75%	5.00%
BEGINNING FUND BALANCE	(117,660)	88,600	70,180	71,190	74,120	76,860	79,020
REVENUES							
Taxes	555,850	612,060	663,060	711,320	755,210	803,500	856,120
Charges For Services	144,700	147,350	150,920	154,690	158,560	162,520	166,580
Miscellaneous	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Subtotal Revenues	710,550	769,410	823,980	876,010	923,770	976,020	1,032,700
INTERFUND TRANSFERS (Net Non-CIP)	2,062,230	1,941,930	1,973,630	1,994,630	2,019,630	2,041,630	2,063,630
Transfers To The General Fund	(3,670)	(8,070)	(8,370)	(8,370)	(8,370)	(8,370)	(8,370)
Indirect Costs	(3,670)	(8,070)	(8,370)	(8,370)	(8,370)	(8,370)	(8,370)
Transfers From Special Fds: Non-Tax + ISF	2,065,900	1,950,000	1,982,000	2,003,000	2,028,000	2,050,000	2,072,000
From Bethesda Parking District	2,065,900	1,950,000	1,982,000	2,003,000	2,028,000	2,050,000	2,072,000
TOTAL RESOURCES	2,655,120	2,799,940	2,867,790	2,941,830	3,017,520	3,094,510	3,175,350
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(2,566,520)	(2,729,760)	(2,794,300)	(2,865,410)	(2,938,360)	(3,013,190)	(3,089,950)
Labor Agreement	n/a	0	(2,300)	(2,300)	(2,300)	(2,300)	(2,300)
Subtotal PSP Oper Budget Approp / Exp's	(2,566,520)	(2,729,760)	(2,796,600)	(2,867,710)	(2,940,660)	(3,015,490)	(3,092,250)
TOTAL USE OF RESOURCES	(2,566,520)	(2,729,760)	(2,796,600)	(2,867,710)	(2,940,660)	(3,015,490)	(3,092,250)
YEAR END FUND BALANCE	88,600	70,180	71,190	74,120	76,860	79,020	83,100
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	3.3%	2.5%	2.5%	2.5%	2.5%	2.6%	2.6%

Assumptions:

1. Transfers from the Bethesda Parking District are adjusted annually to fund the approved service program and to maintain an ending fund balance of approximately 2.5 percent of resources.
2. Property tax revenue is assumed to increase over the six years based on an improved assessable base.
3. Large assessable base increases are due to economic growth and new projects coming online.
4. The labor contract with the Municipal and County Government Employees Organization, Local 1994, expires at the end of FY10.
5. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY10-14 expenditures are based on the "major, known commitments" of elected officials and include negotiated labor agreements, estimates of compensation and inflation cost increases, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage inflation, future labor agreements, and other factors not assumed here.
6. Section 68A-4 of the County Code requires: a) that the proceeds from either the Urban District tax or parking fee transfer must not be greater than 90 percent of their combined total; and b) that the transfer from the Parking District not exceed the number of parking spaces in the Urban District times the number of enforcement hours per year times 20 cents.

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN

Silver Spring Urban District

FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.024	0.024	0.024	0.024	0.024	0.024	0.024
Assessable Base: Real Property (000)	2,061,800	2,298,500	2,515,300	2,718,900	2,903,800	3,107,600	3,330,000
Property Tax Collection Factor: Real Property	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.060	0.060	0.060	0.060	0.060	0.060	0.060
Assessable Base: Personal Property (000)	139,000	141,100	142,100	143,700	145,300	146,900	148,600
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.56%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	4.00%	2.50%	3.50%	4.00%	4.50%	4.75%	5.00%
BEGINNING FUND BALANCE	297,280	33,630	74,340	76,580	79,100	82,740	85,530
REVENUES							
Taxes	571,700	629,220	681,370	730,720	775,640	825,050	878,940
Charges For Services	144,500	144,500	148,000	151,700	155,490	159,380	163,360
Miscellaneous	20,000	10,000	10,000	10,000	10,000	10,000	10,000
Subtotal Revenues	736,200	783,720	839,370	892,420	941,130	994,430	1,052,300
INTERFUND TRANSFERS (Net Non-CIP)	1,747,210	2,147,760	2,166,570	2,227,940	2,293,940	2,357,940	2,423,940
Transfers To The General Fund	(213,120)	(233,870)	(245,060)	(245,690)	(245,690)	(245,690)	(245,690)
Indirect Costs	(213,120)	(233,870)	(245,060)	(245,690)	(245,690)	(245,690)	(245,690)
Transfers From The General Fund	241,630	241,630	241,630	241,630	241,630	241,630	241,630
To Baseline Services	241,630	241,630	241,630	241,630	241,630	241,630	241,630
Transfers From Special Fds: Non-Tax + ISF	1,718,700	2,140,000	2,170,000	2,232,000	2,298,000	2,362,000	2,428,000
From Silver Spring Parking District	1,718,700	2,140,000	2,170,000	2,232,000	2,298,000	2,362,000	2,428,000
TOTAL RESOURCES	2,780,690	2,965,110	3,080,280	3,196,940	3,314,170	3,435,110	3,561,770
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(2,747,060)	(2,890,770)	(2,916,790)	(3,026,030)	(3,139,620)	(3,257,770)	(3,380,650)
Labor Agreement	n/a	0	(86,910)	(91,810)	(91,810)	(91,810)	(91,810)
Subtotal PSP Oper Budget Approp / Exp's	(2,747,060)	(2,890,770)	(3,003,700)	(3,117,840)	(3,231,430)	(3,349,580)	(3,472,460)
TOTAL USE OF RESOURCES	(2,747,060)	(2,890,770)	(3,003,700)	(3,117,840)	(3,231,430)	(3,349,580)	(3,472,460)
YEAR END FUND BALANCE	33,630	74,340	76,580	79,100	82,740	85,530	89,310
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	1.2%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

Assumptions:

1. Transfers from the Silver Spring Parking District are adjusted annually to fund the approved service program and to maintain an ending fund balance of approximately 2.5 percent of resources.
2. Property tax revenue is assumed to increase over the six years based on an improved assessable base.
3. Large assessable base increases are due to economic growth and new projects coming online.
4. The Baseline Services transfer provides basic right-of-way maintenance comparable to services provided countywide.
5. The labor contract with the Municipal and County Government Employees Organization, Local 1994, expires at the end of FY10.
6. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY10-14 expenditures are based on the "major, known commitments" of elected officials and include negotiated labor agreements, estimates of compensation and inflation cost increases, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage inflation, future labor agreements, and other factors not assumed here.
7. Section 68A-4 of the County Code requires: a) that the proceeds from either the Urban District tax or parking fee transfer must not be greater than 90 percent of their combined total; and b) that the transfer from the Parking District not exceed the number of parking spaces in the Urban District times the number of enforcement hours per year times 20 cents.

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN

Wheaton Urban District

FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.030	0.030	0.030	0.030	0.030	0.030	0.030
Assessable Base: Real Property (000)	462,800	515,900	564,600	610,300	651,800	697,500	747,400
Property Tax Collection Factor: Real Property	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.075	0.075	0.075	0.075	0.075	0.075	0.075
Assessable Base: Personal Property (000)	33,200	33,700	33,900	34,300	34,700	35,100	35,500
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.56%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	4.00%	2.50%	3.50%	4.00%	4.50%	4.75%	5.00%
BEGINNING FUND BALANCE	437,980	223,450	42,050	43,640	46,260	48,890	50,010
REVENUES							
Taxes	161,870	178,020	192,650	206,520	219,150	233,040	248,160
Miscellaneous	20,000	10,000	10,000	10,000	10,000	10,000	10,000
Subtotal Revenues	181,870	188,020	202,650	216,520	229,150	243,040	258,160
INTERFUND TRANSFERS (Net Non-CIP)	1,148,860	1,291,060	1,531,360	1,588,690	1,643,690	1,698,690	1,757,690
Transfers To The General Fund	(134,930)	(149,030)	(156,730)	(157,400)	(157,400)	(157,400)	(157,400)
Indirect Costs	(134,930)	(149,030)	(156,730)	(157,400)	(157,400)	(157,400)	(157,400)
Transfers From The General Fund	910,090	1,000,090	1,348,090	1,346,090	1,381,090	1,436,090	1,495,090
To Baseline Services	76,090	76,090	76,090	76,090	76,090	76,090	76,090
To Non-Baseline Services	834,000	924,000	1,272,000	1,270,000	1,305,000	1,360,000	1,419,000
Transfers From Special Fds: Non-Tax + ISF	373,700	440,000	340,000	400,000	420,000	420,000	420,000
From Wheaton Parking District	373,700	440,000	340,000	400,000	420,000	420,000	420,000
TOTAL RESOURCES	1,768,710	1,702,530	1,776,060	1,848,850	1,919,100	1,990,620	2,065,860
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(1,545,260)	(1,660,480)	(1,672,660)	(1,737,620)	(1,805,240)	(1,875,640)	(1,948,940)
Labor Agreement	n/a	0	(59,760)	(64,970)	(64,970)	(64,970)	(64,970)
Subtotal PSP Oper Budget Approp / Exp's	(1,545,260)	(1,660,480)	(1,732,420)	(1,802,590)	(1,870,210)	(1,940,610)	(2,013,910)
TOTAL USE OF RESOURCES	(1,545,260)	(1,660,480)	(1,732,420)	(1,802,590)	(1,870,210)	(1,940,610)	(2,013,910)
YEAR END FUND BALANCE	223,450	42,050	43,640	46,260	48,890	50,010	51,950
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	12.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

Assumptions:

1. Transfers from the Wheaton Parking District are adjusted annually to fund the approved service program and to maintain an ending fund balance of approximately 2.5 percent of resources.
2. Property tax revenue is assumed to increase over the six years based on an improved assessable base.
3. Large assessable base increases are due to economic growth and new projects coming online.
4. The Baseline Services transfer provides basic right-of-way maintenance comparable to services provided countywide.
5. The Non-Baseline Services transfer is necessary to maintain fund balance policy.
6. The labor contract with the Municipal and County Government Employees Organization, Local 1994, expires at the end of FY10.
7. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY10-14 expenditures are based on the "major, known commitments" of elected officials and include negotiated labor agreements, estimates of compensation and inflation cost increases, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage inflation, future labor agreements, and other factors not assumed here.
8. Section 68A-4 of the County Code requires: a) that the proceeds from either the Urban District tax or parking fee transfer must not be greater than 90 percent of their combined total; and b) that the transfer from the Parking District not exceed the number of parking spaces in the Urban District times the number of enforcement hours per year times 20 cents.

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN

CONSOLIDATED FIRE TAX DISTRICT

FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 CE REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.126	0.116	0.108	0.108	0.102	0.096	0.092
Assessable Base: Real Property (000)	142,437,000	158,786,000	173,760,000	187,826,000	200,598,000	214,675,000	230,037,000
Property Tax Collection Factor: Real Property	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.315	0.290	0.270	0.270	0.255	0.240	0.230
Assessable Base: Personal Property (000)	3,960,935	4,021,666	4,051,312	4,097,270	4,143,751	4,190,758	4,238,299
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	4.00%	2.50%	3.50%	4.00%	4.50%	4.75%	5.00%
BEGINNING FUND BALANCE	5,649,440	5,874,960	13,128,190	13,674,660	14,679,840	13,488,920	10,210,280
REVENUES							
Taxes	190,020,400	193,905,290	196,636,930	211,812,470	213,070,870	214,039,580	219,233,720
Licenses & Permits	1,950,000	3,200,000	3,277,440	3,359,380	3,443,360	3,529,440	3,617,680
Charges For Services	817,410	8,215,200	15,291,230	15,673,520	16,065,360	16,467,000	16,878,670
Fines & Forfeitures	230	0	0	0	0	0	0
Intergovernmental	3,911,000	2,510,000	2,570,740	2,635,010	2,700,880	2,768,400	2,837,610
Miscellaneous	2,100,000	1,490,000	2,008,710	2,327,930	2,667,380	2,897,060	3,136,990
Subtotal Revenues	198,799,040	209,320,490	219,785,050	235,808,310	237,947,850	239,701,480	245,704,670
INTERFUND TRANSFERS (Net Non-CIP)	(4,337,810)	(8,851,150)	(10,987,790)	(12,797,690)	(12,993,910)	(12,987,380)	(12,300,210)
Transfers To Debt Service Fund	(4,217,060)	(8,730,400)	(10,867,040)	(12,676,940)	(12,873,160)	(12,866,630)	(12,179,460)
GO Bonds	(3,583,440)	(4,176,900)	(6,325,040)	(8,167,710)	(8,413,680)	(8,448,280)	(8,398,860)
Long Term Leases	(633,620)	(4,553,500)	(4,542,000)	(4,509,230)	(4,459,480)	(4,418,350)	(3,780,600)
Transfers To The General Fund	(120,750)	(120,750)	(120,750)	(120,750)	(120,750)	(120,750)	(120,750)
DCM	(120,750)	(120,750)	(120,750)	(120,750)	(120,750)	(120,750)	(120,750)
TOTAL RESOURCES	200,110,670	206,344,300	221,925,450	236,685,280	239,633,780	240,203,020	243,614,740
CIP CURRENT REVENUE APPROP.	(706,000)	0	0	0	0	0	0
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(193,529,710)	(190,716,110)	(190,716,110)	(190,716,110)	(190,716,110)	(190,716,110)	(190,716,110)
Labor Agreement	n/a	n/a	(8,885,660)	(19,294,640)	(19,368,180)	(19,368,180)	(19,368,180)
Annualizations and One-Time	n/a	n/a	588,610	588,610	588,610	588,610	588,610
OBIs	n/a	n/a	(5,296,000)	(5,417,000)	(5,635,000)	(5,635,000)	(5,635,000)
Central Duplicating Deficit Recovery Charge	n/a	n/a	16,080	16,080	16,080	16,080	16,080
Apparatus Replacement	n/a	n/a	(109,830)	513,380	513,380	513,380	513,380
Four Person Staffing	n/a	n/a	(3,847,880)	(7,695,760)	(11,543,640)	(15,391,520)	(19,239,400)
Subtotal PSP Oper Budget Approp / Exp's	(193,529,710)	(190,716,110)	(208,250,790)	(222,005,440)	(226,144,860)	(229,992,740)	(233,840,620)
OTHER CLAIMS ON FUND BALANCE	0	(2,500,000)	0	0	0	0	0
TOTAL USE OF RESOURCES	(194,235,710)	(193,216,110)	(208,250,790)	(222,005,440)	(226,144,860)	(229,992,740)	(233,840,620)
YEAR END FUND BALANCE	5,874,960	13,128,190	13,674,660	14,679,840	13,488,920	10,210,280	9,774,120
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	2.9%	6.4%	6.2%	6.2%	5.6%	4.3%	4.0%

Assumptions:

1. The tax rates for the Consolidated Fire Tax District are adjusted to maintain a fund balance of approximately 2 percent of resources.
2. The labor contract with the International Association of Fire Fighters, Local 1664 expires at the end of FY11.
3. The labor contract with the Municipal and County Government Employees Organization, Local 1994 expires at the end of FY10.
4. These projections are based on the Executive's Recommended Budget and include negotiated labor agreements, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include inflation or unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
5. The costs of capital facilities will be included in future budgets as projects are completed and their costs defined. Implementation of additional phases of the Four-Person Staffing initiative will be reviewed annually.

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN

MASS TRANSIT FUND

FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.058	0.040	0.043	0.039	0.036	0.033	0.038
Assessable Base: Real Property (000)	142,437,000	158,786,000	173,760,000	187,826,000	200,598,000	214,675,000	230,037,000
Property Tax Collection Factor: Real Property	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.145	0.100	0.108	0.098	0.090	0.083	0.095
Assessable Base: Personal Property (000)	3,960,935	4,021,666	4,051,312	4,097,270	4,143,751	4,190,758	4,238,299
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.56%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	4.00%	2.50%	3.50%	4.00%	4.50%	4.75%	5.00%
BEGINNING FUND BALANCE	(2,850,200)	13,355,880	8,575,670	7,396,560	7,411,420	6,367,730	6,113,920
REVENUES							
Taxes	87,469,710	66,863,890	78,290,630	76,487,840	75,201,480	73,576,110	90,553,050
Licenses & Permits	292,180	538,950	551,990	565,790	579,930	594,430	609,290
Charges For Services	16,725,660	17,694,840	18,050,940	18,417,050	18,790,890	19,172,610	19,562,380
Fines & Forfeitures	500,000	500,000	512,100	524,900	538,020	551,470	565,260
Intergovernmental	25,360,610	27,795,080	27,795,080	27,795,080	27,795,080	27,795,080	27,795,080
Miscellaneous	1,208,540	950,000	1,150,000	1,270,000	1,400,000	1,490,000	1,580,000
Subtotal Revenues	131,556,700	114,342,760	126,350,740	125,060,660	124,305,400	123,179,700	140,665,060
INTERFUND TRANSFERS (Net Non-CIP)							
Transfers To Debt Service Fund	(2,327,650)	(2,259,520)	(5,611,520)	(5,913,310)	(5,677,510)	(5,618,890)	(5,552,890)
GO Bonds	(2,327,650)	(2,259,520)	(2,504,320)	(2,585,460)	(2,349,660)	(2,291,040)	(2,225,040)
Ride On Buses	0	0	(3,107,200)	(3,327,850)	(3,327,850)	(3,327,850)	(3,327,850)
Transfers To The General Fund	(6,359,410)	(7,744,000)	(8,100,180)	(8,129,310)	(8,129,310)	(8,129,310)	(8,129,310)
Indirect Costs	(6,359,410)	(7,744,000)	(8,100,180)	(8,129,310)	(8,129,310)	(8,129,310)	(8,129,310)
Transfers From The General Fund	531,310	531,310	531,310	531,310	531,310	531,310	531,310
Transfers From Special Fds: Non-Tax + ISF	4,413,610	4,783,010	4,859,840	4,992,640	5,116,330	5,240,790	5,365,910
TOTAL RESOURCES	124,964,360	123,009,440	126,605,860	123,938,550	123,557,640	121,571,330	138,994,000
CIP CURRENT REVENUE APPROP.							
PSP OPER. BUDGET APPROP/ EXP'S.	(3,316,000)	(1,112,000)	(453,000)	(360,000)	(350,000)	(400,000)	(670,000)
Operating Budget	(108,292,480)	(113,321,770)	(113,321,770)	(113,321,770)	(113,321,770)	(113,321,770)	(113,321,770)
Labor Agreement	n/a	0	(2,765,400)	(2,991,530)	(2,991,530)	(2,991,530)	(2,991,530)
Ride On Bus Replacement	n/a	n/a	(2,679,800)	(221,800)	(2,119,800)	(527,800)	(16,835,800)
Master Lease Payment Changes	n/a	n/a	60,520	367,820	1,593,040	1,783,540	1,783,540
MTA Management Audit	n/a	n/a	(50,000)	0	0	0	0
Operating Budget Impacts of CIP Projects	n/a	n/a	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Central Duplicating Revenue Recovery Surcharge	n/a	n/a	10,150	10,150	10,150	10,150	10,150
Subtotal PSP Oper Budget Approp / Exp's	(108,292,480)	(113,321,770)	(118,756,300)	(116,167,130)	(116,839,910)	(115,057,410)	(131,365,410)
TOTAL USE OF RESOURCES	(111,608,480)	(114,433,770)	(119,209,300)	(116,527,130)	(117,189,910)	(115,457,410)	(132,035,410)
YEAR END FUND BALANCE	13,355,880	8,575,670	7,396,560	7,411,420	6,367,730	6,113,920	6,958,590
END-OF-YEAR RESERVES AS A							
PERCENT OF RESOURCES	10.7%	7.0%	5.8%	6.0%	5.2%	5.0%	5.0%

Assumptions:

- These projections are based on the Executive's Recommended Budget and include negotiated labor agreements, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include inflation or unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
- The Mass Transit Fund tax rates are adjusted to maintain a fund balance of approximately 5.0 percent of resources.
- The labor contract with the Municipal and County Government Employees Organization, Local 1994, expires at the end of FY10.
- This budget reflects a base Ride On fare of \$1.25 for SmarTrip and \$1.35 for cash. The \$3.00 all-day pass remains unchanged; the \$10 Ride-About Two Week Pass is eliminated and a monthly pass is created at \$25; the Ride On 20-Trip Ticket increases from \$20 to \$27.
- The County Executive recommends replacement of 42 Ride On buses in FY08 and 39 Ride On buses in FY09. The budget assumes that all 42 buses in FY08 and 6 of the 39 buses in FY09 will be purchased through the Debt Service Fund. Transfers from the Mass Transit Fund to the Debt Service Fund for debt service payments are assumed in FY10-14.
- Master Lease payments for two CNG buses will end in FY10, for three CNG buses, five hybrid buses, and 12 gas fuel buses in FY11, and for SmarTrip Fareboxes in FY12.

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN				BRADLEY NOISE ABATEMENT DISTRICT			
FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Assessable Base: Real Property (000)	33,900	37,800	41,400	44,800	47,800	51,200	54,900
Property Tax Collection Factor: Real Property	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.200	0.200	0.200	0.200	0.200	0.200	0.200
Assessable Base: Personal Property (000)	-	-	-	-	-	-	-
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.56%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	4.00%	2.50%	3.50%	4.00%	4.50%	4.75%	5.00%
BEGINNING FUND BALANCE	9,330	6,090	5,940	9,950	17,970	29,690	45,410
REVENUES							
Taxes	26,880	29,970	32,820	35,520	37,900	40,590	43,520
Subtotal Revenues	26,880	29,970	32,820	35,520	37,900	40,590	43,520
INTERFUND TRANSFERS (Net Non-CIP)	(30,120)	(30,120)	(28,810)	(27,500)	(26,180)	(24,870)	(23,550)
Transfers To Debt Service Fund	(30,120)	(30,120)	(28,810)	(27,500)	(26,180)	(24,870)	(23,550)
TOTAL RESOURCES	6,090	5,940	9,950	17,970	29,690	45,410	65,380
YEAR END FUND BALANCE	6,090	5,940	9,950	17,970	29,690	45,410	65,380
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Assumptions: 1. The tax rate is adjusted annually to ensure adequate revenues are collected to cover the debt service obligation. 2. These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenue, and fund balances may vary based on changes to tax rates.							

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN				CABIN JOHN NOISE ABATEMENT DISTRICT			
FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Assessable Base: Real Property (000)	9,900	11,000	12,000	13,000	13,900	14,900	16,000
Property Tax Collection Factor: Real Property	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.200	0.200	0.200	0.200	0.200	0.200	0.200
Assessable Base: Personal Property (000)	-	-	-	-	-	-	-
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.56%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	4.00%	2.50%	3.50%	4.00%	4.50%	4.75%	5.00%
BEGINNING FUND BALANCE	3,550	2,460	2,240	3,190	5,330	8,570	12,990
REVENUES							
Taxes	7,850	8,720	9,510	10,310	11,020	11,810	12,680
Subtotal Revenues	7,850	8,720	9,510	10,310	11,020	11,810	12,680
INTERFUND TRANSFERS (Net Non-CIP)	(8,940)	(8,940)	(8,560)	(8,170)	(7,780)	(7,390)	(7,000)
Transfers To Debt Service Fund	(8,940)	(8,940)	(8,560)	(8,170)	(7,780)	(7,390)	(7,000)
TOTAL RESOURCES	2,460	2,240	3,190	5,330	8,570	12,990	18,670
YEAR END FUND BALANCE	2,460	2,240	3,190	5,330	8,570	12,990	18,670
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Assumptions: 1. The tax rate is adjusted annually to ensure adequate revenues are collected to cover the debt service obligation. 2. These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenue, and fund balances may vary based on changes to tax rates.							

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN

RECREATION

FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 RECOMMENDED	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.024	0.022	0.020	0.020	0.020	0.018	0.018
Assessable Base: Real Property (000)	124,255,200	138,517,300	151,579,900	163,850,400	174,992,000	187,272,100	200,673,200
Property Tax Collection Factor: Real Property	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.060	0.055	0.050	0.050	0.050	0.045	0.045
Assessable Base: Personal Property (000)	3,269,100	3,319,200	3,343,700	3,381,600	3,420,000	3,458,800	3,498,000
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.56%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	0.04	0.025	0.035	0.04	0.045	0.0475	0.05
BEGINNING FUND BALANCE	3,655,610	3,912,130	3,445,200	1,379,610	2,048,650	2,942,330	1,126,540
REVENUES							
Taxes	31,465,280	31,979,460	31,673,190	34,123,680	36,350,660	34,923,150	37,330,840
Charges For Services	10,500,000	10,903,980	11,167,860	11,447,060	11,733,240	12,026,570	12,327,230
Miscellaneous	474,640	274,640	550,000	650,000	760,000	830,000	910,000
Subtotal Revenues	42,439,920	43,158,080	43,391,050	46,220,740	48,843,900	47,779,720	50,568,070
INTERFUND TRANSFERS (Net Non-CIP)	(11,683,210)	(11,221,190)	(11,978,790)	(12,022,780)	(13,272,300)	(14,502,590)	(13,800,160)
Transfers To Debt Service Fund	(8,313,280)	(7,658,510)	(8,362,440)	(8,442,490)	(9,735,940)	(11,011,470)	(10,355,650)
GO Bonds	(5,271,480)	(4,995,540)	(5,697,620)	(6,116,670)	(7,410,260)	(8,688,450)	(8,521,600)
Long Term Leases	(3,041,800)	(2,662,970)	(2,664,820)	(2,325,820)	(2,325,680)	(2,323,020)	(1,834,050)
Transfers To The General Fund	(4,705,060)	(4,938,000)	(5,033,060)	(5,039,640)	(5,039,640)	(5,039,640)	(5,039,640)
Indirect Costs	(2,541,380)	(2,783,620)	(2,878,680)	(2,885,260)	(2,885,260)	(2,885,260)	(2,885,260)
Other - DCM	(87,920)	(78,900)	(78,900)	(78,900)	(78,900)	(78,900)	(78,900)
Transfers From The General Fund	1,335,130	1,375,320	1,416,710	1,459,350	1,503,280	1,548,520	1,595,130
TOTAL RESOURCES	34,412,320	35,849,020	34,857,460	35,577,570	37,620,250	36,219,460	37,894,450
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(30,500,190)	(32,403,820)	(32,403,820)	(32,403,820)	(32,403,820)	(32,403,820)	(32,403,820)
Labor Agreement	n/a	0	(738,010)	(789,080)	(789,080)	(789,080)	(789,080)
Annualizations and One-Time	n/a	n/a	(62,000)	(62,000)	(62,000)	(62,000)	(62,000)
FFI - White Oak Community Recreation Center	n/a	n/a	0	0	(616,000)	(782,000)	(782,000)
FFI - Mid-County Community Recreation Center	n/a	n/a	(101,000)	(101,000)	(101,000)	(101,000)	(101,000)
FFI - North Potomac Recreation Center	n/a	n/a	0	0	(533,000)	(782,000)	(782,000)
FFI - Wisconsin Place Center	n/a	n/a	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)
FFI - Central Duplicating Revenue Recovery Surcharge	n/a	n/a	1,980	1,980	1,980	1,980	1,980
Subtotal PSP Oper Budget Approp / Exp's	(30,500,190)	(32,403,820)	(33,477,850)	(33,528,920)	(34,677,920)	(35,092,920)	(35,092,920)
TOTAL USE OF RESOURCES	(30,500,190)	(32,403,820)	(33,477,850)	(33,528,920)	(34,677,920)	(35,092,920)	(35,092,920)
YEAR END FUND BALANCE	3,912,130	3,445,200	1,379,610	2,048,650	2,942,330	1,126,540	2,801,530
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	11.4%	9.6%	4.0%	5.8%	7.8%	3.1%	7.4%

Assumptions:

1. Slight increases in fees and charges, increased by inflation, are assumed in order to achieve cost recovery goals. Fee increases must be tempered by market conditions.
2. Tax rates are adjusted to maintain a fund balance of approximately 2.5 percent of resources. Personal property tax rates are set at approximately 2.5 times the real property tax rate rounded to the nearest tenth of a cent, per FY01 State-mandated tax structure changes.
3. Related revenues, debt service and operating costs have been incorporated for new facilities opening between FY09 and FY14 (White Oak, Mid-County, and North Potomac Community Recreation Centers and Wisconsin Place Neighborhood Center.)
4. These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. FY09-FY14 expenditures are based on the "major, known commitments" of elected officials and include negotiated labor agreements, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN

ECONOMIC DEVELOPMENT FUND

FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
Indirect Cost Rate	12.56%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	4.00%	2.50%	3.50%	4.00%	4.50%	4.75%	5.00%
BEGINNING FUND BALANCE	2,514,790	0	0	0	0	0	0
REVENUES							
Intergovernmental	250,000	0	0	0	0	0	0
Miscellaneous	305,510	296,280	381,590	228,680	182,920	130,570	117,040
Subtotal Revenues	555,510	296,280	381,590	228,680	182,920	130,570	117,040
INTERFUND TRANSFERS (Net Non-CIP)	837,860	506,160	1,820,850	573,760	619,520	671,870	685,400
Transfers To The General Fund	(700,000)	0	0	0	0	0	0
Transfers From The General Fund	1,537,860	506,160	1,820,850	573,760	619,520	671,870	685,400
TOTAL RESOURCES	3,908,160	802,440	2,202,440	802,440	802,440	802,440	802,440
CIP CURRENT REVENUE APPROP.	0	0	(1,400,000)	0	0	0	0
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(3,908,160)	(802,440)	(802,440)	(802,440)	(802,440)	(802,440)	(802,440)
Subtotal PSP Oper Budget Approp / Exp's	(3,908,160)	(802,440)	(802,440)	(802,440)	(802,440)	(802,440)	(802,440)
TOTAL USE OF RESOURCES	(3,908,160)	(802,440)	(2,202,440)	(802,440)	(802,440)	(802,440)	(802,440)
YEAR END FUND BALANCE	0	0	0	0	0	0	0
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Assumptions:

1. These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
2. The labor contract with the Municipal and County Government Employees Organization, Local 1994 expires at the end of FY10.
3. FY09 expenditures for the Small Business Loan Program have also been changed to ensure that expenditures equal loan repayments.
4. Impact Assistance Program funding is at \$150K for FY09-14.
5. The transfer from the General Fund is adjusted to fund program costs, net of offsetting loan repayments, intergovernmental funding, and interest income.
6. In FY10 \$1,400,000 will be transferred to the capital budget to assist with the construction of a medical office building/freestanding ambulatory surgery center in the Long Branch Community (CIP Cost Sharing: MCG, Project No. 720601).

**MONTGOMERY COLLEGE CURRENT FUND
COUNTY EXECUTIVE RECOMMENDED FISCAL PLAN**

FY09-14

	FY08 2nd Qtr	FY09 CE Rec	FY10 Proj.	FY11 Proj.	FY12 Proj.	FY13 Proj.	FY14 Proj.
Beginning Fund Balance		7,006,276	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Revenues							
General Fund Contribution	98,581,360	98,465,960	98,465,960	98,465,960	98,465,960	98,465,960	98,465,960
Tuition & Related Fees	62,559,400	67,524,390	68,818,422	70,195,002	71,610,684	72,990,659	72,990,659
Hypothetical Tuition Increase		-	5,875,154	8,567,625	11,329,294	14,339,706	18,856,804
Other Student Fees	984,208	1,047,841	1,067,922	1,089,283	1,111,252	1,132,666	1,132,666
State Aid	28,362,320	32,728,749	33,520,785	34,358,804	35,217,774	36,098,219	37,000,674
State Aid Reduction	-	-	-	-	-	-	-
Fed, State & Priv. Gifts/Grants	305,480	300,000	295,724	314,890	314,890	314,890	314,890
Investment Income	1,597,220	1,040,000	1,510,000	1,790,000	2,090,000	2,290,000	2,500,000
Risk Management Dividend							
Performing Arts Center	135,000	115,000	117,783	120,728	123,746	126,839	130,010
Other Revenues (asset sales, lib. fines, rentals)	628,587	1,175,000	1,203,435	1,233,521	1,264,359	1,295,968	1,328,367
Adjustments							
Total Revenues	193,153,575	202,396,940	210,875,184	216,135,813	221,527,959	227,054,907	232,720,031
Mandatory Transfers	(191,634)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)
Perkins							
SEOG	(191,634)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)	(175,000)
CWSP	258,366	(275,000)	(275,000)	(275,000)	(275,000)	(275,000)	(275,000)
Nonmandatory Transfers	258,366	-	-	-	-	-	-
From Auxiliary Fund	258,366						
CIP CR	4,181,000	3,681,000	3,681,000	2,513,000	2,419,000	2,606,000	2,606,000
Subtotal Revenues and Transfers	197,401,307	205,627,940	214,106,184	218,198,813	223,496,959	229,210,907	234,876,031
Total Resources Available	204,407,583	212,634,216	217,606,184	221,698,813	226,996,959	232,710,907	238,376,030
County Share	50.6%	47.9%	46.8%	45.7%	44.5%	43.5%	42.4%
State Aid Share	14.6%	15.9%	15.9%	15.9%	15.9%	15.9%	15.9%
Tuition, Fees, Other Share	34.8%	36.1%	37.3%	38.4%	39.5%	40.6%	41.7%
Total Expenditures	(194,695,872)	(205,453,216)	(210,425,184)	(215,685,813)	(221,077,959)	(226,604,908)	(232,270,030)
CIP CR	(4,181,000)	(3,681,000)	(3,681,000)	(2,513,000)	(2,419,000)	(2,606,000)	(2,606,000)
Adjustments/Reserves	1,475,565						
End of Year Proj. Fund Bal.	7,006,276	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
End of Year Fund Bal as % of Resources	3.4%	1.6%	1.6%	1.6%	1.5%	1.5%	1.5%

Assumptions:

1. The table reflects, for analysis only, outyear tuition increases to maintain fund balances in the \$3.5 million target range. The College Board of Trustees approves actual increases.
2. The County's local contribution is maintained at the recommended FY09 level.
3. Tuition and related fees grow at the rate of Full Time Equivalent increase.
4. Other revenues and State aid grows based on CPI.
5. Expenditures increase at CPI.

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN

M-NCPPC Administration Fund

FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.019	0.018	0.017	0.014	0.011	0.007	0.002
Assessable Base: Real Property (000)	123,602,700	137,789,900	150,783,900	162,990,000	174,073,100	186,288,700	199,619,400
Property Tax Collection Factor: Real Property	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.047	0.045	0.044	0.041	0.041	0.035	0.030
Assessable Base: Personal Property (000)	3,257,600	3,307,500	3,331,900	3,369,700	3,407,900	3,446,600	3,485,700
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.56%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	4.0%	2.5%	3.5%	4.0%	4.5%	4.8%	5.0%
BEGINNING FUND BALANCE	2,870,040	2,382,990	1,846,890	3,759,040	7,945,350	14,205,920	22,780,050
REVENUES							
Taxes	24,765,950	26,030,130	26,831,950	23,960,270	20,338,020	14,099,000	4,976,030
Charges For Services	511,900	400,000	409,680	419,920	430,420	441,180	452,210
Intergovernmental	118,500	0	0	0	0	0	0
Miscellaneous	380,000	250,000	360,000	430,000	500,000	550,000	600,000
Subtotal Revenues	25,776,350	26,680,130	27,601,630	24,810,190	21,268,440	15,090,180	6,028,240
INTERFUND TRANSFERS (Net Non-CIP)	35,700	35,700	35,700	35,700	35,700	92,500	92,500
Transfers To The General Fund	(56,800)	(56,800)	(56,800)	(56,800)	(56,800)	0	0
Transfers From The General Fund	92,500	92,500	92,500	92,500	92,500	92,500	92,500
TOTAL RESOURCES	28,682,090	29,098,820	29,484,220	28,604,930	29,249,490	29,388,600	28,900,790
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(26,299,100)	(27,251,930)	(27,251,930)	(27,251,930)	(27,251,930)	(27,251,930)	(27,251,930)
Subtotal PSP Oper Budget Approp / Exp's	(26,299,100)	(27,251,930)	(27,251,930)	(27,251,930)	(27,251,930)	(27,251,930)	(27,251,930)
TOTAL USE OF RESOURCES	(26,299,100)	(27,251,930)	(27,251,930)	(27,251,930)	(27,251,930)	(27,251,930)	(27,251,930)
YEAR END FUND BALANCE	2,382,990	1,846,890	2,232,290	1,353,000	1,997,560	2,136,670	1,648,860
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	8.3%	6.3%	7.6%	4.7%	6.8%	7.3%	5.7%

Assumptions:

1. All labor and operating costs are shown as operating costs since M-NCPPC is not a component of Montgomery County Government.
2. Tax rates have historically been adjusted to maintain a fund balance at a minimum of 3 percent of resources. Personal property tax rates have been set at approximately 2.5 times the real property tax rate, per FY01 State-mandated tax structure changes.

Notes:

1. These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN

M-NCPPC Park Fund

FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real Property	0.058	0.050	0.050	0.047	0.040	0.030	0.018
Assessable Base: Real Property (000)	123,602,500	137,789,700	150,783,700	162,989,700	174,072,900	186,288,500	199,619,100
Property Tax Collection Factor: Real Property	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%	99.1%
Property Tax Rate: Personal Property	0.145	0.125	0.125	0.122	0.117	0.113	0.107
Assessable Base: Personal Property (000)	3,257,600	3,307,500	3,331,900	3,369,700	3,407,900	3,446,600	3,485,700
Property Tax Collection Factor: Personal Property	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%	97.5%
Indirect Cost Rate	12.56%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	4.0%	2.5%	3.5%	4.0%	4.5%	4.8%	5.0%
BEGINNING FUND BALANCE	7,240,860	9,626,230	3,544,980	4,816,240	12,382,660	25,699,400	45,279,220
REVENUES							
Taxes	75,649,670	72,305,820	78,774,070	79,923,970	72,890,060	59,180,860	39,244,520
Charges For Services	1,602,900	1,601,800	1,640,560	1,681,570	1,723,610	1,766,700	1,810,870
Intergovernmental	37,800	0	0	0	0	0	0
Miscellaneous	945,000	613,500	840,000	1,000,000	1,170,000	1,290,000	1,410,000
Subtotal Revenues	78,235,370	74,521,120	81,254,630	82,605,540	75,783,670	62,237,560	42,465,390
INTERFUND TRANSFERS (Net Non-CIP)	(619,000)	(619,000)	0	0	0	0	0
Transfers To Special Fds: Non-Tax + ISF	(619,000)	(619,000)	0	0	0	0	0
To Enterprise Fund - General Subsidy	(86,000)	(86,000)	0	0	0	0	0
To Enterprise Fund - Ice Rink/Conf Center	(533,000)	(533,000)	0	0	0	0	0
TOTAL RESOURCES	84,857,230	83,528,350	84,799,610	87,421,780	88,166,330	87,936,960	87,744,610
CIP CURRENT REVENUE APPROP.	(350,000)	(300,000)	(350,000)	(350,000)	(350,000)	(350,000)	(350,000)
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(70,921,000)	(75,627,570)	(75,627,570)	(75,627,570)	(75,627,570)	(75,627,570)	(75,627,570)
Debt Service: Other	(3,960,000)	(4,005,800)	(4,005,800)	(4,005,800)	(4,005,800)	(4,005,800)	(4,005,800)
Subtotal PSP Oper Budget Approp / Exp's	(74,881,000)	(79,633,370)	(79,633,370)	(79,633,370)	(79,633,370)	(79,633,370)	(79,633,370)
OTHER CLAIMS ON FUND BALANCE	0	(50,000)	0	0	0	0	0
TOTAL USE OF RESOURCES	(75,231,000)	(79,983,370)	(79,983,370)	(79,983,370)	(79,983,370)	(79,983,370)	(79,983,370)
YEAR END FUND BALANCE	9,626,230	3,544,980	4,816,240	7,438,410	8,182,960	7,953,590	7,761,240
END-OF-YEAR RESERVES AS A							
PERCENT OF RESOURCES	11.3%	4.2%	5.7%	8.5%	9.3%	9.0%	8.8%

Assumptions:

1. Fees and charges are stable and are assumed to be increased by inflation. Only major known commitment cost increases are shown.
2. Tax rates have historically been adjusted to maintain a fund balance at a minimum of 3 percent of resources. Personal property tax rates have been set at approximately 2.5 times the real property tax rate, per FY01 State-mandated tax structure changes.
3. All labor and operating costs are shown as operating costs since M-NCPPC is not a component of Montgomery County Government.
4. Debt Service figures are provided by M-NCPPC and reflect bond issues for new projects using Park and Planning bonds. FY10-14 estimate is assumed to be the same pending new information from MNCPPC.

Notes:

1. These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.

DEBT SERVICE - GENERAL OBLIGATION BONDS, LONG & SHORT TERM LEASES AND OTHER DEBT

	Actual FY06	Actual FY07	Budget FY08	Estimated FY08	Recommended FY09	% Chg Rec/Bud	Rec % GO Bonds
GO BOND DEBT SERVICE EXPENDITURES							
General County	24,460,186	26,233,739	27,498,810	27,240,420	28,093,870		12.3%
Roads & Storm Drains	48,415,800	51,846,170	53,900,920	53,963,090	56,963,150		24.9%
Public Housing	281,544	265,999	250,420	250,420	175,010		0.1%
Parks	6,526,972	6,772,021	7,255,290	7,270,250	7,798,110		3.4%
Public Schools	88,421,768	96,350,665	109,707,010	110,116,950	115,136,940		50.3%
Montgomery College	6,012,792	6,815,147	7,891,260	7,755,130	9,157,530		4.0%
Bond Anticipation Notes/Commercial Paper	4,675,356	6,784,398	8,100,000	6,700,000	3,800,000		
Bond Refunding	-	-	-	(282,000)	(3,030,000)		
Cost of Issuance: General Fund	915,831	801,172	1,005,210	1,005,210	1,032,350		
Total General Fund	179,710,249	195,869,311	215,608,920	214,019,470	219,126,960	1.6%	95.0%
Fire Tax District Fund	2,729,950	3,396,710	3,624,800	3,583,440	4,176,900	15.2%	1.8%
Mass Transit Fund	3,011,246	2,482,762	2,328,860	2,327,650	2,259,520	-3.0%	1.0%
Recreation Fund	4,611,661	4,989,515	4,874,680	5,271,480	4,995,540	2.5%	2.2%
Bradley Noise Abatement Fund	32,641	31,383	30,120	30,120	30,120	0.0%	0.0%
Cabin John Noise Abatement Fund	9,683	9,312	8,940	8,940	8,940	0.0%	0.0%
Total Tax Supported Other Funds	10,395,181	10,909,682	10,867,400	11,221,630	11,471,020	5.6%	5.0%
TOTAL TAX SUPPORTED	190,105,430	206,778,993	226,476,320	225,241,100	230,597,980	1.8%	100.0%
Non-Tax Supported							
Solid Waste Disposal Fund	55,156	2,711	2,540	2,540	-	-100.0%	0.0%
Total Non-Tax Supported	55,156	2,711	2,540	2,540	0	-100.0%	0.0%
TOTAL GO BOND DEBT SERVICE EXPENDITURES	190,160,586	206,781,704	226,478,860	225,243,640	230,597,980	1.8%	100.0%
LONG-TERM LEASE EXPENDITURES							
Revenue Authority - Conference Center	2,212,915	2,211,269	2,216,070	2,216,070	2,210,660		
Revenue Authority - HHS Piccard Drive	620,993	633,198	633,490	633,490	632,700		
Silver Spring Garages	5,858,988	5,862,366	5,591,010	5,591,010	5,553,520		
Revenue Authority - Recreation Pools	3,100,172	3,067,994	3,041,800	3,041,800	2,662,970		
Fire and Rescue Equipment	-	-	650,000	633,620	4,553,500		
Liquor Control Warehouse - (Non-tax supported)	-	-	770,420	770,420	-		
TOTAL LONG-TERM LEASE EXPENDITURES	11,793,068	11,774,827	12,902,790	12,886,410	15,613,350		
SHORT-TERM LEASE EXPENDITURES							
Technology Modernization Project	-	-	-	-	560,500		
Short Term Financing - Public Safety Radio	10,220,100	-	-	-	-		
Short Term Financing - Kay Property	858,887	882,219	871,600	871,600	871,600		
TOTAL SHORT-TERM LEASE EXPENDITURES	11,078,987	882,219	871,600	871,600	1,432,100		
OTHER LONG-TERM DEBT							
Silver Spring Music Venue - Tax supported	-	-	-	-	335,670		
MICRF Loan - Tax supported	55,180	-	-	-	-		
MHI-HUD Loan - Non-Tax supported	80,304	79,412	78,260	78,260	76,870		
MHI - Property Acquisition Fund - Non-tax supported	-	-	-	-	1,850,000		
TOTAL OTHER LONG-TERM DEBT	135,484	79,412	78,260	78,260	2,262,540	2791.1%	
DEBT SERVICE EXPENDITURES							
Tax Supported	213,032,665	219,436,039	239,480,290	238,228,690	247,979,100		
Non-Tax supported - Long-Term Leases	-	-	770,420	770,420	0		
Non-Tax Supported - Other & GO Bond Debt	135,460	82,123	80,800	80,800	1,926,870		
TOTAL DEBT SERVICE EXPENDITURES	213,168,125	219,518,162	240,331,510	239,079,910	249,905,970	4.0%	
GO BOND DEBT SERVICE FUNDING SOURCES							
General Funds	175,105,669	193,168,912	210,533,920	209,944,470	215,851,960		
Accrued Interest: GO Bonds-Non Pooled	290,278	300,972	575,000	575,000	575,000		
Accrued Interest: GO Refunding Bonds	451,331	-	-	-	-		
Accrued Interest: Installmt Notes, I&P, Street Assessmts	42,479	80,492	-	-	-		
BAN/Commercial Paper Investment Income	2,941,977	2,209,468	4,500,000	3,500,000	2,700,000		
Special Street Assessments	40,798	169	-	-	-		
Total General Fund Sources	178,872,532	195,760,013	215,608,920	214,019,470	219,126,960		
Fire Tax District Funds	2,758,039	3,514,976	3,624,800	3,583,440	4,176,900		
Mass Transit Fund	3,009,912	2,480,147	2,328,860	2,327,650	2,259,520		
Recreation Fund	4,607,795	4,983,162	4,874,680	5,271,480	4,995,540		
Bradley Noise Abatement Fund	32,641	31,383	30,120	30,120	30,120		
Cabin John Noise Abatement Fund	9,683	9,312	8,940	8,940	8,940		
Solid Waste Disposal Fund	55,156	2,711	2,540	2,540	-		
Capital Projects Fund	814,828	0	-	-	-		
Total Other Funding Sources	11,288,054	11,021,691	10,869,940	11,224,170	11,471,020		
TOTAL GO BOND FUNDING SOURCES	190,160,586	206,781,704	226,478,860	225,243,640	230,597,980		
NON GO BOND FUNDING SOURCES							
General Funds	19,771,883	9,589,052	9,312,170	9,312,170	10,164,650		
MHI Fund - HUD Loan	80,304	79,412	78,260	78,260	76,870		
MHI Fund - Property Acquisition Fund	-	-	-	-	1,850,000		
Liquor Control Fund	-	-	770,420	770,420	-		
Economic Development Fund	55,180	-	-	-	-		
Recreation Fund	3,100,172	3,067,994	3,041,800	3,041,800	2,662,970		
Fire Tax District Fund	-	-	650,000	633,620	4,553,500		
TOTAL NON GO BOND FUNDING SOURCES	23,007,539	12,736,458	13,852,650	13,836,270	19,307,990		
TOTAL FUNDING SOURCES	213,168,125	219,518,162	240,331,510	239,079,910	249,905,970		
TRANSFERS							
FROM: RSF Investment Income	4,719,842	6,175,154	6,161,852	4,785,900	2,991,190		
TO: CIP - PAYGO	4,719,842	6,175,154	6,161,852	4,785,900	2,991,190		
TOTAL GENERAL OBLIGATION BOND SALES							
Actual and Estimated Bond Sales	200,000,000	200,000,000	-	250,000,000	-		
Council SAG Approved Issues	-	-	275,000,000	275,000,000	300,000,000		

DEBT SERVICE - GENERAL OBLIGATION BONDS AND LONG & SHORT TERM LEASES AND OTHER DEBT

	Recommended FY09	Projected FY10	Projected FY11	Projected FY12	Projected FY13	Projected FY14
GO BOND DEBT SERVICE EXPENDITURES						
General County	28,093,870	32,482,250	36,732,120	40,332,050	40,154,520	41,483,490
Roads & Storm Drains	56,963,150	58,745,700	61,272,490	66,385,800	73,390,610	76,894,630
Public Housing	175,010	108,320	34,920	0	-	-
Parks	7,798,110	8,969,420	9,577,640	10,644,440	11,820,520	12,734,310
Public Schools	115,136,940	123,674,230	129,060,780	135,351,110	146,560,930	155,682,490
Montgomery College	9,157,530	12,224,810	15,210,080	15,593,090	16,509,690	19,072,390
Bond Anticipation Notes/Commercial Paper	3,800,000	6,000,000	7,200,000	8,400,000	8,900,000	9,500,000
Bond Refunding	(3,030,000)	-	-	-	-	-
Cost of Issuance	1,032,350	1,060,220	1,088,850	1,118,250	1,148,440	1,148,440
Total General Fund	219,126,960	243,264,950	260,176,880	277,824,740	298,484,710	316,515,750
Fire Tax District Fund	4,176,900	6,325,040	8,167,710	8,413,680	8,448,280	8,398,860
Mass Transit Fund	2,259,520	2,504,320	2,585,460	2,349,660	2,291,040	2,225,040
Recreation Fund	4,995,540	5,697,620	6,116,670	7,410,260	8,688,450	8,521,600
Bradley Noise Abatement Fund	30,120	28,810	27,500	26,180	24,870	23,550
Cabin John Noise Abatement Fund	8,940	8,560	8,170	7,780	7,390	7,000
Total Tax Supported Other Funds	11,471,020	14,564,350	16,905,510	18,207,560	19,460,030	19,176,050
TOTAL TAX SUPPORTED	230,597,980	257,829,300	277,082,390	296,032,300	317,944,740	335,691,800
TOTAL GO BOND DEBT SERVICE EXPENDITURES	230,597,980	257,829,300	277,082,390	296,032,300	317,944,740	335,691,800
LONG-TERM LEASE EXPENDITURES						
Revenue Authority - Conference Center	2,210,660	1,903,290	1,901,650	1,903,900	995,440	993,190
Revenue Authority - HHS Piccard Drive	632,700	635,700	632,500	633,040	636,870	638,390
Silver Spring Garages	5,553,520	5,590,330	5,544,320	5,554,170	5,574,900	5,561,400
Revenue Authority - Recreation Pools	2,662,970	2,664,820	2,325,820	2,325,680	2,323,020	1,834,050
Fire and Rescue Equipment	4,553,500	4,542,000	4,509,230	4,459,480	4,418,350	3,780,600
TOTAL LONG-TERM LEASE EXPENDITURES	15,613,350	15,336,140	14,913,520	14,876,270	13,948,580	12,807,630
SHORT-TERM LEASE EXPENDITURES						
Technology Modernization Project	560,500	2,532,400	3,801,750	4,748,760	5,212,850	5,212,850
Ride On Buses	-	3,107,200	3,327,850	3,327,850	3,327,850	3,327,850
Short Term Financing - Kay Property	871,600	-	-	-	-	-
TOTAL SHORT-TERM LEASE EXPENDITURES	1,432,100	5,639,600	7,129,600	8,076,610	8,540,700	8,540,700
OTHER LONG-TERM DEBT						
Silver Spring Music Venue - Tax supported	335,670	335,670	335,670	335,670	335,670	335,670
MHI-HUD Loan - Non-Tax supported	76,870	75,300	73,580	71,730	69,770	69,770
Property Acquisition Fund - Non-tax supported	1,850,000	4,320,000	4,940,000	4,940,000	4,940,000	4,940,000
TOTAL OTHER LONG-TERM DEBT	2,262,540	4,730,970	5,349,250	5,347,400	5,345,440	5,345,440
DEBT SERVICE EXPENDITURES						
Tax Supported	247,979,100	279,140,710	299,461,180	319,320,850	340,769,690	357,375,800
Non-Tax Supported - Other Long-term Debt	1,926,870	4,395,300	5,013,580	5,011,730	5,009,770	5,009,770
TOTAL DEBT SERVICE EXPENDITURES	249,905,970	283,536,010	304,474,760	324,332,580	345,779,460	362,385,570
GO BOND DEBT SERVICE FUNDING SOURCES						
General Funds	215,851,960	239,289,950	255,701,880	272,849,740	293,309,710	311,040,750
Accrued Interest on Bonds - Non-Pooled	575,000	575,000	575,000	575,000	575,000	575,000
BAN/Commercial Paper Investment Income	2,700,000	3,400,000	3,900,000	4,400,000	4,600,000	4,900,000
Total General Fund Sources	219,126,960	243,264,950	260,176,880	277,824,740	298,484,710	316,515,750
Fire Tax District Fund	4,176,900	6,325,040	8,167,710	8,413,680	8,448,280	8,398,860
Mass Transit Fund	2,259,520	2,504,320	2,585,460	2,349,660	2,291,040	2,225,040
Recreation Fund	4,995,540	5,697,620	6,116,670	7,410,260	8,688,450	8,521,600
Bradley Noise Abatement Fund	30,120	28,810	27,500	26,180	24,870	23,550
Cabin John Noise Abatement Fund	8,940	8,560	8,170	7,780	7,390	7,000
Solid Waste Disposal Fund	0	0	0	0	-	-
Total Other Funding Sources	11,471,020	14,564,350	16,905,510	18,207,560	19,460,030	19,176,050
TOTAL GO BOND FUNDING SOURCES	230,597,980	257,829,300	277,082,390	296,032,300	317,944,740	335,691,800
NON GO BOND FUNDING SOURCES						
General Funds	10,164,650	10,997,390	12,215,890	13,175,540	12,755,730	12,741,500
MHI Fund - HUD Loan	76,870	75,300	73,580	71,730	69,770	69,770
MHI Fund - Property Acquisition Fund	1,850,000	4,320,000	4,940,000	4,940,000	4,940,000	4,940,000
Mass Transit Fund	-	3,107,200	3,327,850	3,327,850	3,327,850	3,327,850
Recreation Fund	2,662,970	2,664,820	2,325,820	2,325,680	2,323,020	1,834,050
Fire Tax District Fund	4,553,500	4,542,000	4,509,230	4,459,480	4,418,350	3,780,600
TOTAL NON GO BOND FUNDING SOURCES	19,307,990	25,706,710	27,392,370	28,300,280	27,834,720	26,693,770
TOTAL FUNDING SOURCES	249,905,970	283,536,010	304,474,760	324,332,580	345,779,460	362,385,570
TRANSFERS						
FROM: RSF Investment Income	2,991,190	4,187,670	4,785,900	5,384,140	5,680,530	5,878,220
TO: CIP - PAYGO	2,991,190	4,187,670	4,785,900	5,384,140	5,680,530	5,878,220
TOTAL GENERAL OBLIGATION BOND SALES						
Council SAG Approved Issues	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000
ESTIMATED INTEREST RATE	6.30%	6.20%	6.15%	6.10%	6.05%	6.00%

NON-TAX SUPPORTED FUNDS SIX YEAR FISCAL PLANS

Montgomery County Government

- Cable Television Communications Plan
- Montgomery Housing Initiative Fund
- Water Quality Protection Fund
- Community Use of Public Facilities Fund
- Parking District Funds
- Solid Waste Collection and Disposal Funds
- Leaf Vacuuming Fund
- Permitting Services Fund
- Liquor Control Fund
- Risk Management Fund
- Central Duplicating, Mail and Records Mgmt. Fund
- Employee Health Benefits Self Insurance Fund
- Motor Pool Fund

Maryland-National Capital Park and Planning Commission

- Enterprise Fund

Washington Suburban Sanitary Commission

- Water and Sewer Operating Funds

FY09 CABLE COMMUNICATIONS PLAN (\$000's)

	Actual FY07	Approved FY08	Estimated FY08	Recommended FY09	% Chg From '08 Plan	FY10	FY11	FY12	FY13	FY14
SCHEDULED EXPENDITURES										
BEGINNING FUND BALANCE	2,642	1,281	3,345	2,550	99.0%	1,653	2,751	3,668	4,557	5,625
REVENUES										
5% Franchise Fee	9,547	9,849	10,296	10,584	7.5%	10,881	11,186	11,499	11,821	12,152
G'Burg PEG Contribution	193	192	196	201	4.9%	207	213	219	225	231
PEG Support	2,167	2,207	2,734	2,811	27.3%	2,889	2,970	3,053	3,138	3,226
PEG Capital/Equipment	239	246	248	255	3.6%	262	269	277	285	293
Verizon-Grant	250	200	200	200	0.0%	200	200	0	0	0
FiberNet Support	1,474	1,518	1,525	1,568	3.3%	1,612	1,657	1,703	1,751	1,800
Interest Earned	151	200	120	80	-60.0%	120	140	160	180	200
Tower Review Fees	186	75	75	80	6.7%	82	84	86	88	90
Miscellaneous	77	0	25	0	0.0%	0	0	0	0	0
Transfer from the General Fund	0	432	432	0	-100.0%	1,232	832	832	832	0
TOTAL ANNUAL REVENUES	14,284	14,919	15,851	15,779	5.8%	17,485	17,551	17,829	18,320	17,992
TOTAL RESOURCES-CABLE FUND	16,926	16,200	19,196	18,329	13.1%	19,138	20,302	21,497	22,877	23,617
EXPENDITURES										
A. FRANCHISE ADMINISTRATION										
Personnel Costs	643	721	721	742	2.9%	742	742	742	742	742
Oper. Exp. & Cap. Outlay	121	123	123	73	-40.7%	75	77	79	81	83
Engineering/Inspection	510	510	705	720	41.2%	740	761	782	804	827
Indirect costs trans to Gen Fund	194	202	202	253	25.5%	253	253	253	253	253
Indirect costs trans to Gen Fund (ERP & MCTime)				27		29	23	15	0	0
SUBTOTAL	1,468	1,556	1,751	1,815	16.7%	1,810	1,833	1,856	1,880	1,905
B. COUNTY ATTORNEY										
Personnel Costs	68	81	81	97	19.8%	97	97	97	97	97
SUBTOTAL	68	81	81	97	19.8%	97	97	97	97	97
C. OUTSIDE PROFESSIONAL SERVICES										
Legal and other	386	405	405	405	0.0%	416	428	440	452	465
SUBTOTAL	386	405	405	405	0.0%	416	428	440	452	465
D. MUNI. FRANCHISE FEE SHARING										
Revenues to municipalities	705	709	741	762	7.5%	783	805	828	851	875
SUBTOTAL	705	709	741	762	7.5%	783	805	828	851	875
E. MUNICIPAL EQUIPMENT & OPERATIONS										
Rockville Equipment (a)	53	54	95	98	80.9%	100	103	106	109	112
Rockville PEG Support (a)	62	64	65	67	4.6%	69	71	73	75	77
Takoma Park Equipment (a)	55	54	95	98	80.9%	100	103	106	109	112
Takoma Park PEG Support (a)	62	64	65	67	4.6%	69	71	73	75	77
Municipal League Equipment (a)	55	54	95	98	80.9%	100	103	106	109	112
Muni. League PEG Support (a)	62	64	65	67	4.6%	69	71	73	75	77
SUBTOTAL	349	354	480	494	39.5%	507	522	537	552	567
F. COUNTY CABLE MONTGOMERY		0								
Administration										
Personnel Costs	177	304	304	397	30.6%	397	397	397	397	397
Operating	11	25	25	31	24.0%	31	32	33	34	35
Closed Captioning	221	319	319	319	0.0%	328	337	346	356	366
Technical Operations Center (TOC)	98	23	23	23	0.0%	27	28	29	30	31
Arts PEG - AFI	0	0	0	0	0.0%	0	0	0	0	0
VOD, Community BB, web services	40	48	48	48	0.0%	49	50	51	52	53
Public Information Office										
Personnel Costs	198	185	274	349	88.6%	349	349	349	349	349
Operating Expenses	6	12	12	12	0.0%	12	12	13	14	15
Contracts - TV Production	376	414	325	359	-13.3%	369	379	390	401	412
County Council										
Personnel Costs	31	36	36	57	58.3%	57	57	57	57	57
Operating Expenses	65	48	48	48	0.0%	48	50	52	54	55
Contracts - TV Production	324	404	404	404	0.0%	415	427	439	451	464
MNCPPC										
Personnel Costs	0	81	81	81	0.0%	81	81	81	81	81
Operating Expenses	0	21	21	21	0.0%	22	23	24	25	26
Contracts - TV Production	0	124	124	124	0.0%	127	131	135	139	143
SUBTOTAL	1,547	2,044	2,044	2,273	11.2%	2,312	2,353	2,396	2,440	2,484

These projections for the Cable TV Fund incorporate assumptions of annual resources and resource usage as well as projected end-of-year reserves available based on these assumptions. This scenario assumes that operating expenditures will experience net increases as a trend. Factors contributing to the assumed rate of increase include compensation adjustments, program and productivity improvements, and cost increases driven by inflation. This scenario represents one possible fiscal future based on the incorporated set of expenditure and resource assumptions. Other scenarios would occur if the County Executive and County Council adopted a different program plan or if the future brings different trends than presumed in the incorporated assumptions. The County Executive presents these fiscal projections as a tool for thinking about the future fiscal policy implications of the recommended program of expenditures and resources.

FY09 CABLE COMMUNICATIONS PLAN (\$000's)

SCHEDULED EXPENDITURES	Actual FY07	Approved FY08	Estimated FY08	Recommended FY09	% Chg From '08 Plan	FY10	FY11	FY12	FY13	FY14
G. MONTGOMERY COLLEGE										
Personnel Costs	868	1,000	1,000	1,103	10.3%	1,134	1,166	1,199	1,233	1,268
Operating Expenses	199	219	219	219	0.0%	225	231	237	244	251
SUBTOTAL	1,067	1,219	1,219	1,322	8.4%	1,359	1,397	1,436	1,477	1,519
H. PUBLIC SCHOOLS										
Personnel Costs	1173	1234	1234	1,339	8.5%	1,376	1,415	1,455	1,496	1,538
Operating Expenses	210	287	287	275	-4.2%	283	291	299	307	316
SUBTOTAL	1,383	1,521	1,521	1,614	6.1%	1,659	1,706	1,754	1,803	1,854
I. COMMUNITY ACCESS ORGANIZATIONS (b)										
Personnel Costs	1,685	1,779	1,779	1,871	5.2%	1,923	1,977	2,032	2,089	2,147
Operating Expenses	720	755	755	781	3.4%	803	825	848	872	896
SUBTOTAL	2,405	2,534	2,534	2,652	4.7%	2,726	2,802	2,880	2,961	3,043
J. PEG NETWORK										
PEG Equipment Replacement	822	900	900	900	0.0%	945	992	1042	1094	1149
Emergency Equipment Reserve	12	80	80	80	0.0%	82	84	86	88	90
PEG Network Engineering & Admin	142	40	40	40	0.0%	44	46	49	51	54
Community Programming	46	100	100	100	0.0%	102	104	106	108	110
PEG Promotion	8	35	35	35	0.0%	36	37	38	40	42
PEG Network Operating	20	125	125	100	-20.0%	103	106	109	112	115
Mobile Production Vehicle	78	82	82	82	0.0%	86	90	95	100	105
SUBTOTAL	1,128	1,362	1,362	1,337	-1.8%	1,398	1,459	1,525	1,593	1,665
K. OTHER										
Multiuse Technology Facility	0	0	0	0	0.0%	0	0	0	0	0
Grants to Organizations	39	39	39	39	0.0%	39	39	39	39	39
SUBTOTAL	39	39	39	39	0.0%	39	39	39	39	39
PEG + ADMIN. SUBTOTAL	10,545	11,824	12,177	12,810	8.3%	13,106	13,442	13,789	14,146	14,514
L. INSTITUTIONAL TELECOMMUNICATIONS										
FiberNet Support (DTS)	1060	1,182	1,182	1,232	4.2%	1,266	1,301	1,337	1,374	1,412
FiberNet Support (DOT)	249	249	249	244	-2.0%	251	258	265	272	280
FiberNet-CIP	1,970	1,735	1,735	1,760	1.4%	1,735	1,610	1,535	1,460	1,460
Verizon-Cable Service to Public Buildings	0	0	0	0	0.0%	0	0	0	0	0
COB Renovations - CIP	0	323	323	629	0.0%	0	0	0	0	0
Advanced Transportation Management System (ATMS) - CIP	0	0	0	0	0.0%	0	0	0	0	0
Park & Planning Technology Projects	284	75	75	0	-100.0%	0	0	0	0	0
SUBTOTAL	3,563	3,564	3,564	3,865	8.4%	3,252	3,169	3,137	3,106	3,152
TOTAL EXPEND-PROGRAMS	14,108	15,388	15,741	16,675	8.4%	16,358	16,611	16,926	17,252	17,666
OTHER USES OF CATV FUNDS -										
Prior Year Adjustments	527	0	32	0	0.0%	0	0	0	0	0
CIP-Designated Claim on Fund	0	0	937	0	0.0%	0	0	0	0	0
Transfer to the General Fund	0	0	0	0	0.0%	0	0	0	0	0
TOTAL OTHER USES & ADJ. -	527	0	969	0	0.0%	0	0	0	0	0
SURPLUS (DEFICIT)	703	(469)	142	(896)	91.1%	1,098	917	888	1,068	326
FUND BALANCE	3,345	812	2,550	1,653	103.6%	2,751	3,668	4,557	5,625	5,951
FUND BALANCE per Policy Guidance		810	839	860		887	913	940	967	995
EXPENDITURES BY FUNDING SOURCE										
Transfer to Gen Fund-Indirect Costs	194	202	202	280	38.9%	282	276	268	253	253
Transfer to Gen Fund-Cable Opns	0	0	0	0	0.0%	0	0	0	0	0
Trans to Gen Fund-Mont Coll Cable Fd	1,067	1,219	1,219	1,322	8.4%	1,359	1,397	1,436	1,477	1,519
Trans to Gen Fund-Public Sch Cable Fd	1,383	1,521	1,521	1,614	6.1%	1,659	1,706	1,754	1,803	1,854
Trans to Gen Fund-FIBERNET Operations	0	0	0	0	0.0%	0	0	0	0	0
Transfer to CIP Fund	1,970	2,058	2,058	2,389	16.1%	1,735	1,610	1,535	1,460	1,460
Transfer to the General Fund-Other	0	0	0	0	0.0%	0	0	0	0	0
CATV Fund Direct Expenditures	9,494	10,388	10,709	11,070	1	11,352	11,644	11,947	12,258	12,579
TOTAL EXPEND-FUNDING SOURCE	14,108	15,388	15,709	16,675	8.4%	16,387	16,634	16,941	17,252	17,666

NOTES:

- ¹ Transferred from the Cable Television Special Revenue Fund to the General Fund-Indirect Costs.
- ² Transferred to General Fund for Cable Operations in prior years.
- ³ Transferred to General Fund for Montgomery College Cable Fund.
- ⁴ Transferred to General Fund for Montgomery County Public Schools Cable Fund.
- ⁵ Transferred to General Fund for FIBERNET Operations in prior years.
- ⁶ Transferred to CIP Fund.
- ⁷ Transferred to General Fund for Other Technology Related Use.
- (+) Funded directly from the Cable Television Special Revenue Fund.
- (a) Maximum cable company contribution to fund municipal equipment.
- (b) Currently Montgomery Community Television, Inc.

* The County is exploring the potential for development of a Multiuse Technology Facility. When additional details are available they may be included in future Cable Communication Plans.

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN				Montgomery Housing Initiative			
FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	12.56%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	4.00%	2.50%	3.50%	4.00%	4.50%	4.75%	5.00%
BEGINNING FUND BALANCE	6,581,870	7,583,260	1,080,710	1,794,350	3,122,300	5,235,620	8,029,050
REVENUES							
Miscellaneous	15,584,270	39,452,370	35,932,300	36,624,080	37,382,730	38,149,770	38,992,270
Extraordinary Revenue Financing	0	25,000,000	25,000,000	0	0	0	0
Extraordinary Revenue Revolving	0	0	0	25,000,000	25,000,000	25,000,000	25,000,000
Subtotal Revenues	15,584,270	39,452,370	35,932,300	36,624,080	37,382,730	38,149,770	38,992,270
INTERFUND TRANSFERS (Net Non-CIP)							
Transfer to Debt Service Fund	0	(1,850,000)	(4,320,000)	(4,940,000)	(4,940,000)	(4,940,000)	(4,940,000)
Transfers To The General Fund	(108,300)	(178,100)	(179,420)	(175,110)	(169,740)	(159,630)	(159,630)
Indirect Costs	(108,300)	(159,630)	(159,630)	(159,630)	(159,630)	(159,630)	(159,630)
Technology Modernization	0	(18,470)	(19,790)	(15,480)	(10,110)	0	0
Transfers From The General Fund	20,868,360	9,782,490	23,420,000	24,590,000	25,310,000	25,940,000	26,670,000
TOTAL RESOURCES	42,926,200	54,790,020	55,933,590	57,893,320	60,705,290	64,225,760	68,591,690
CIP CURRENT REVENUE APPROP.							
CIP Property Acquisition Revolving Fund	(405,000)	0	0	0	0	0	0
PSP OPER. BUDGET APPROP/ EXP'S.		(25,000,000)	(25,000,000)	(25,000,000)	(25,000,000)	(25,000,000)	(25,000,000)
Operating Budget	(33,860,180)	(26,016,940)	(26,016,940)	(26,016,940)	(26,016,940)	(26,016,940)	(26,016,940)
Debt Service: Other (Non-Tax Funds only)	(78,260)	(76,870)	(75,300)	(73,580)	(71,730)	(69,770)	(69,770)
Rental Assistance Programs	n/a	(2,615,500)	(3,047,000)	(3,680,500)	(4,381,000)	(5,110,000)	(5,912,500)
Subtotal PSP Oper Budget Approp / Exp's	(33,938,440)	(28,709,310)	(29,139,240)	(29,771,020)	(30,469,670)	(31,196,710)	(31,999,210)
OTHER CLAIMS ON FUND BALANCE	(999,500)	0	0	0	0	0	0
TOTAL USE OF RESOURCES	(35,342,940)	(53,709,310)	(54,139,240)	(54,771,020)	(55,469,670)	(56,196,710)	(56,999,210)
YEAR END FUND BALANCE	7,583,260	1,080,710	1,794,350	3,122,300	5,235,620	8,029,050	11,592,480
END-OF-YEAR RESERVES AS A							
PERCENT OF RESOURCES	17.7%	2.0%	3.2%	5.4%	8.6%	12.5%	16.9%

Assumptions:

1. Maintains the County Executive's commitment to affordable housing. Per Montgomery County Executive Order 136-01, includes an allocation from the General Fund to the Montgomery Housing Initiative fund (MHI) to ensure the availability of \$15 million or the equivalent of 2.5 percent of actual General Fund property taxes from two years prior to the upcoming fiscal year, whichever is greater.
2. Per Council Bill 25A-4, paragraph (c), enacted November 30, 2004, effective April 1, 2005, the FY08 Montgomery Housing Initiative Fund (HIF) will not include an additional allocation from MPDU alternative payments.

Notes:

1. These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN
Water Quality Protection Fund

FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 RECOMMENDED	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	12.56%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%
CPI (Fiscal Year)	3.59%	2.82%	2.42%	2.50%	2.50%	2.50%	2.50%
Investment Income Yield	4.00%	2.50%	2.50%	3.50%	4.00%	4.50%	4.75%
Number of Equivalent Residential Units (ERUs)	238,461	239,653	240,851	242,055	243,265	244,481	245,703
Water Quality Protection Charge per ERU	\$25.23	\$35.50	\$41.00	\$42.50	\$42.50	\$42.50	\$43.00
Collection Factor for Charge	99.5%	99.5%	99.5%	99.5%	99.5%	99.5%	99.5%
BEGINNING FUND BALANCE	2,540,280	2,025,750	1,048,440	1,070,930	1,162,380	1,177,210	1,163,130
REVENUES							
Charges For Services	5,986,290	8,465,140	9,825,520	10,235,900	10,287,070	10,338,490	10,512,400
Miscellaneous	230,000	150,000	220,000	260,000	300,000	330,000	360,000
Subtotal Revenues	6,216,290	8,615,140	10,045,520	10,495,900	10,587,070	10,668,490	10,872,400
INTERFUND TRANSFERS (Net Non-CIP)	(182,820)	(259,620)	(276,570)	(270,200)	(261,730)	(245,800)	(245,800)
Transfers To The General Fund	(182,820)	(259,620)	(276,570)	(270,200)	(261,730)	(245,800)	(245,800)
Indirect Costs	(182,820)	(230,510)	(245,390)	(245,800)	(245,800)	(245,800)	(245,800)
Technology Modernization	0	(29,110)	(31,180)	(24,400)	(15,930)	0	0
TOTAL RESOURCES	8,573,750	10,381,270	10,817,390	11,296,630	11,487,720	11,599,900	11,789,730
CIP CURRENT REVENUE APPROP.	(500,000)	(2,321,000)	(2,241,000)	(2,241,000)	(2,291,000)	(2,291,000)	(2,341,000)
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(5,615,570)	(7,011,830)	(7,011,830)	(7,011,830)	(7,011,830)	(7,011,830)	(7,011,830)
Labor Agreement	n/a	0	(115,560)	(118,760)	(118,760)	(118,760)	(118,760)
Annualizations and One-Time	0	0	6,180	6,180	6,180	6,180	6,180
Central Duplicating Deficit Recovery Charge	0	0	10	(320)	(320)	(320)	(320)
FFIs - Maintenance of new facilities due to growth	0	0	(81,000)	(162,000)	(243,000)	(324,000)	(405,000)
FFIs - Maintenance of new facilities due to new CIP Projects	0	0	(15,000)	(30,000)	(45,000)	(60,000)	(75,000)
FFIs - Maintenance of new facilities due to Transfers	0	0	(258,000)	(516,000)	(516,000)	(516,000)	(516,000)
FFIs - Inspections of new facilities due to growth	0	0	(30,260)	(60,520)	(90,780)	(121,040)	(151,300)
Subtotal PSP Oper Budget Approp / Exp's	(5,615,570)	(7,011,830)	(7,505,460)	(7,893,250)	(8,019,510)	(8,145,770)	(8,272,030)
OTHER CLAIMS ON FUND BALANCE	(432,430)	0	0	0	0	0	0
TOTAL USE OF RESOURCES	(6,548,000)	(9,332,830)	(9,746,460)	(10,134,250)	(10,310,510)	(10,436,770)	(10,613,030)
YEAR END FUND BALANCE	2,025,750	1,048,440	1,070,930	1,162,380	1,177,210	1,163,130	1,176,700
END-OF-YEAR RESERVES AS A							
PERCENT OF RESOURCES	23.6%	10.1%	9.9%	10.3%	10.2%	10.0%	10.0%

Assumptions:

- These projections are based on the County Executive's Recommended Budget and include negotiated labor agreements, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. The projected future expenditures, revenues, and fund balances may vary based on changes to charges, usage, inflation, future labor agreements, and other factors not assumed here.
- The labor contract with the Municipal and County Government Employees Organization, Local 1994 expires at the end of FY10.
- The Water Quality Protection Charge is applied to all residential and associated non-residential properties (associated non-residential properties are non-residential properties that drain into the stormwater facilities of residential properties), except for those in the city of Rockville and Takoma Park.
- Residential and associated non-residential property stormwater facilities will be maintained to permit standards as they are phased into the program.
- Operating costs for new facilities completed between FY09-FY14 have been incorporated in the future Fiscal Impact (FFI) rows.
- Charges are adjusted to maintain a balance of 10 to 15 percent of resources. For purposes of analysis, general rate increases are reflected in FY10, FY11, FY12, FY13, and FY14.
- If the Water Quality Protection Charge (WQPC) is used to fund other water resource protection programs beyond this current scope, the fund balance policy will be reevaluated.

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN			COMMUNITY USE OF PUBLIC FACILITIES				
FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	12.56%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	4.0%	2.5%	3.5%	4.0%	4.5%	4.8%	5.0%
Rate Increase Pending ICB Approval	0.0%	0.0%	10.0%	5.0%	5.0%	5.0%	0.0%
Growth in Activity	0.0%	0.0%	1.0%	1.0%	1.0%	1.0%	1.0%
BEGINNING FUND BALANCE	2,461,660	2,097,440	1,573,520	1,432,570	1,340,440	1,288,410	1,266,680
REVENUES							
Charges For Services	7,797,690	8,665,930	9,605,290	10,119,680	10,634,170	11,148,770	11,238,270
Miscellaneous	180,000	120,000	170,000	200,000	230,000	250,000	270,000
Subtotal Revenues	7,977,690	8,785,930	9,775,290	10,319,680	10,864,170	11,398,770	11,508,270
INTERFUND TRANSFERS (Net Non-CIP)	(136,940)	(218,880)	(363,950)	(87,300)	(202,980)	(172,920)	(312,840)
TOTAL RESOURCES	10,302,410	10,664,490	10,984,860	11,664,950	12,001,630	12,514,260	12,462,110
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(8,204,970)	(9,090,970)	(9,090,970)	(9,090,970)	(9,090,970)	(9,090,970)	(9,090,970)
Labor Agreement	n/a	0	(114,600)	(122,790)	(122,790)	(122,790)	(122,790)
Annualizations and One-Time	n/a	n/a	2,130	2,130	2,130	2,130	2,130
Retiree Health Insurance Pre-Funding	n/a	n/a	(50,550)	(101,020)	(151,490)	(162,880)	(174,850)
Elections	0	0	126,860	(139,500)	(9,650)	(13,060)	126,860
Increase Utility Reimbursement to MCPS	0	0	(186,500)	(391,650)	(617,320)	(865,550)	(865,550)
Office Lease	0	0	(13,500)	(27,680)	(28,390)	(43,310)	(43,310)
Central Duplicating Deficit Recovery Charge	0	0	330	330	330	330	330
Other Increases in Reimbursements to MCPS	n/a	n/a	(225,490)	(453,360)	(695,070)	(951,480)	(951,480)
Subtotal PSP Oper Budget Approp / Exp's	(8,204,970)	(9,090,970)	(9,552,290)	(10,324,510)	(10,713,220)	(11,247,580)	(11,119,630)
TOTAL USE OF RESOURCES	(8,204,970)	(9,090,970)	(9,552,290)	(10,324,510)	(10,713,220)	(11,247,580)	(11,119,630)
YEAR END FUND BALANCE	2,097,440	1,573,520	1,432,570	1,340,440	1,288,410	1,266,680	1,342,480
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	20.4%	14.8%	13.0%	11.5%	10.7%	10.1%	10.8%

Assumptions:

1. The table reflects, for purposes of analysis only, general rate increases in FY10, FY11, FY12, and FY13. The ICB must review and approve any actual increase.
2. Changes in interfund transfers reflect the election cycle, receipts from the General Fund to offset the cost of free use and unpermitted field use, and technology modernization costs.
3. The labor contract with the Municipal and County Government Employees Organization Local 1994 expires at the end of FY10.

Notes:

1. The fund balance is calculated on a net assets basis.
2. Fees and activity levels are adjusted to fund the approved service program and maintain an ending fund balance target of at least 10% of resources.
3. These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN

BETHESDA PARKING LOT DISTRICT

FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real/Improved	0.280	0.280	0.280	0.280	0.280	0.280	0.280
Assessable Base: Real/Improved (000)	1,384,500	1,543,400	1,688,900	1,825,600	1,949,700	2,086,500	2,235,800
Property Tax Collection Factor: Real Property	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%
Property Tax Rate: Personal/Improved	0.700	0.700	0.700	0.700	0.700	0.700	0.700
Assessable Base: Personal/Improved (000)	161,600	164,100	165,300	167,200	169,100	171,000	172,900
Property Tax Collection Factor: Personal Property	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%
Indirect Cost Rate	12.56%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	4.00%	2.50%	3.50%	4.00%	4.50%	4.75%	5.00%
BEGINNING CASH BALANCE	19,747,170	13,886,390	13,365,030	15,917,200	18,758,810	21,935,310	25,495,670
REVENUES							
Taxes	5,162,550	5,636,190	6,062,020	6,467,530	6,836,860	7,242,660	7,684,210
Charges For Services	8,745,000	8,745,000	8,850,000	8,850,000	8,850,000	8,850,000	8,850,000
Fines & Forfeitures	4,700,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000	4,800,000
Miscellaneous	932,400	1,150,220	1,190,990	1,342,720	1,522,710	1,722,850	1,937,350
Subtotal Revenues	19,539,950	20,331,410	20,903,010	21,460,250	22,009,570	22,615,510	23,271,560
INTERFUND TRANSFERS (Net Non-CIP)	(6,263,380)	(6,495,590)	(6,655,330)	(6,784,140)	(6,914,930)	(7,033,690)	(7,173,910)
Transfers To The General Fund	(214,890)	(282,250)	(294,880)	(286,660)	(275,590)	(254,760)	(254,760)
Indirect Costs	(214,890)	(244,180)	(254,110)	(254,760)	(254,760)	(254,760)	(254,760)
Technology Modernization CIP Project	0	(38,070)	(40,770)	(31,900)	(20,830)	0	0
Transfers To Special Fds: Tax Supported	(6,048,490)	(6,213,340)	(6,380,450)	(6,497,480)	(6,639,340)	(6,778,930)	(6,919,150)
To Transportation Management District / Bethesda Transportation Solutions	(1,745,810)	(1,794,690)	(1,843,150)	(1,891,990)	(1,941,190)	(1,990,690)	(2,040,450)
To Bethesda Urban District	(2,065,900)	(1,950,000)	(1,982,000)	(2,003,000)	(2,028,000)	(2,050,000)	(2,072,000)
To Mass Transit [PVN]	(2,236,780)	(2,468,650)	(2,535,300)	(2,602,490)	(2,670,150)	(2,738,240)	(2,806,700)
TOTAL RESOURCES	33,023,740	27,722,210	27,612,710	30,593,310	33,853,450	37,517,130	41,593,320
CIP CURRENT REVENUE EXPEND.	(4,837,000)	(1,851,000)	(590,000)	(590,000)	(590,000)	(590,000)	(590,000)
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(9,387,370)	(7,599,590)	(7,718,610)	(7,811,940)	(7,900,950)	(7,989,960)	(8,078,970)
Debt Service: GO Bonds	(4,884,440)	(4,906,590)	(3,269,340)	(3,270,240)	(3,273,140)	(3,279,010)	(3,285,030)
Retiree Health Insurance Pre-Funding	(28,540)	n/a	(37,440)	(74,830)	(112,210)	(120,650)	(129,510)
Labor Agreement	n/a	n/a	(77,110)	(82,140)	(82,140)	(82,140)	(82,140)
Credit Card Fees for POF/PBS	n/a	n/a	(490)	(1,490)	(2,000)	(2,000)	(2,000)
Pay On Foot Maintenance	n/a	n/a	(1,310)	(2,650)	43,510	43,510	43,510
Annualizations and One-Time	n/a	n/a	(1,210)	(1,210)	(1,210)	(1,210)	(1,210)
Subtotal PSP Oper Budget Approp / Exp's	(14,300,350)	(12,506,180)	(11,105,510)	(11,244,500)	(11,328,140)	(11,431,460)	(11,535,350)
TOTAL USE OF RESOURCES	(19,137,350)	(14,357,180)	(11,695,510)	(11,834,500)	(11,918,140)	(12,021,460)	(12,125,350)
YEAR END CASH BALANCE	13,886,390	13,365,030	15,917,200	18,758,810	21,935,310	25,495,670	29,467,970
END-OF-YEAR RESERVES AS A							
PERCENT OF RESOURCES	42.0%	48.2%	57.6%	61.3%	64.8%	68.0%	70.8%

Assumptions:

1. The Cash balance includes funds required to be held by the District to cover Bond Covenants. Bond coverage (annual net revenues over debt service requirements) is maintained at about 260 percent in FY09. The minimum requirement is 125 percent.
2. Property tax revenue is assumed to increase over the six years based on an improved assessable base.
3. Investment income is estimated to increase over the six years based upon projected cash balance.
4. Revenue for the air rights lease for Garage 49 are assumed in FY09 through FY14.
5. Large assessable base increases are due to economic growth and new projects coming online.
6. The labor contract with the Municipal and County Government Employees Organization, Local 1994, expires at the end of FY10.
7. These projections are based on the Executive's Recommended Budget and include the revenue and resources assumptions of that budget. FY10-14 expenditures are based on the "major, known commitments" of elected officials and include negotiated labor agreements, estimates of compensation and inflation cost increases, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
8. The projections do not include the capital costs, revenues, and operating costs associated with the Garage 31 project. When ready, the cash flow projections and the Capital Improvements Program will be amended to include the costs and revenues of this project.

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN				MONTGOMERY HILLS PARKING LOT DISTRICT			
FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real/Improved	0.240	0.240	0.240	0.240	0.240	0.240	0.240
Assessable Base: Real/Improved (000)	22,000	24,500	26,800	29,000	31,000	33,200	35,600
Property Tax Collection Factor: Real Property	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%
Property Tax Rate: Personal/Improved	0.600	0.600	0.600	0.600	0.600	0.600	0.600
Assessable Base: Personal/Improved (000)	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Property Tax Collection Factor: Personal Property	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%
Indirect Cost Rate	12.56%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	4.00%	2.50%	3.50%	4.00%	4.50%	4.75%	5.00%
BEGINNING CASH BALANCE	514,800	193,700	177,000	161,680	148,600	137,070	127,910
REVENUES							
Taxes	62,030	68,120	73,710	79,080	83,970	89,340	95,190
Charges For Services	35,500	35,500	35,500	35,500	35,500	35,500	35,500
Fines & Forfeitures	27,500	27,500	27,500	27,500	27,500	27,500	27,500
Miscellaneous	17,300	9,500	8,900	8,500	7,800	7,500	7,100
Subtotal Revenues	142,330	140,620	145,610	150,580	154,770	159,840	165,290
INTERFUND TRANSFERS (Net Non-CIP)	(43,590)	(44,010)	(44,220)	(44,980)	(45,760)	(46,510)	(47,280)
Transfers To The General Fund	(20,680)	(22,220)	(22,130)	(22,590)	(23,050)	(23,500)	(23,960)
Indirect Costs	(4,540)	(4,880)	(5,090)	(5,100)	(5,100)	(5,100)	(5,100)
Technology Modernization CIP	0	(750)	(800)	(630)	(410)	0	0
Regional Services Center	(16,140)	(16,590)	(17,040)	(17,490)	(17,950)	(18,400)	(18,860)
Transfers To Special Fds: Tax Supported	(22,910)	(21,790)	(22,090)	(22,390)	(22,710)	(23,010)	(23,320)
To Mass Transit	(10,610)	(10,610)	(10,610)	(10,610)	(10,610)	(10,610)	(10,610)
To Mass Transit [PVN]	(12,300)	(11,180)	(11,480)	(11,780)	(12,100)	(12,400)	(12,710)
TOTAL RESOURCES	613,540	290,310	278,390	267,280	257,610	250,400	245,920
CIP CURRENT REVENUE EXPEND.	(300,000)	0	0	0	0	0	0
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(119,840)	(113,310)	(115,130)	(116,980)	(118,840)	(120,790)	(122,820)
Labor Agreement	n/a	n/a	(1,580)	(1,700)	(1,700)	(1,700)	(1,700)
Subtotal PSP Oper Budget Approp / Exp's	(119,840)	(113,310)	(116,710)	(118,680)	(120,540)	(122,490)	(124,520)
TOTAL USE OF RESOURCES	(419,840)	(113,310)	(116,710)	(118,680)	(120,540)	(122,490)	(124,520)
YEAR END CASH BALANCE	193,700	177,000	161,680	148,600	137,070	127,910	121,400
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	31.6%	61.0%	58.1%	55.6%	53.2%	51.1%	49.4%

Assumptions:

1. Property tax revenue is assumed to increase over the six years based on an improved assessable base.
2. The labor contract with the Municipal and County Government Employees Organization, Local 1994, expires at the end of FY10.
3. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY10-14 expenditures are based on the "major, known commitments" of elected officials and include negotiated labor agreements, estimates of compensation and inflation cost increases, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN				SILVER SPRING PARKING LOT DISTRICT			
FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real/Improved	0.280	0.280	0.280	0.280	0.280	0.280	0.280
Assessable Base: Real/Improved (000)	1,576,200	1,757,100	1,922,800	2,078,500	2,219,800	2,375,600	2,545,600
Property Tax Collection Factor: Real Property	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%
Property Tax Rate: Personal/Improved	0.700	0.700	0.700	0.700	0.700	0.700	0.700
Assessable Base: Personal/Improved (000)	131,300	133,300	134,300	135,800	137,300	138,900	140,500
Property Tax Collection Factor: Personal Property	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%
Indirect Cost Rate	12.56%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	4.00%	2.50%	3.50%	4.00%	4.50%	4.75%	5.00%
BEGINNING CASH BALANCE	5,635,590	6,639,680	5,315,770	4,755,270	7,042,720	11,612,650	17,294,070
REVENUES							
Taxes	5,402,120	5,929,320	6,406,090	6,858,430	7,269,860	7,723,180	8,216,700
Charges For Services	7,804,610	9,312,000	9,563,420	9,816,860	10,072,090	10,328,930	10,587,160
Fines & Forfeitures	2,400,000	2,600,000	2,667,500	2,735,540	2,804,060	2,873,020	2,942,340
Miscellaneous	329,000	317,700	305,800	359,500	542,400	825,300	1,175,700
Subtotal Revenues	15,935,730	18,159,020	18,942,810	19,770,330	20,688,410	21,750,430	22,921,900
INTERFUND TRANSFERS (Net Non-CIP)	(1,948,370)	(3,845,240)	(2,673,740)	(2,723,100)	(2,778,190)	(2,825,880)	(2,891,880)
Transfers To The General Fund	(229,670)	(307,240)	(320,740)	(311,100)	(298,190)	(273,880)	(273,880)
Indirect Costs	(229,670)	(262,830)	(273,180)	(273,880)	(273,880)	(273,880)	(273,880)
Technology Modernization CIP	0	(44,410)	(47,560)	(37,220)	(24,310)	0	0
Transfers To Special Fds: Tax Supported	(1,718,700)	(2,340,000)	(2,353,000)	(2,412,000)	(2,480,000)	(2,552,000)	(2,618,000)
To Transportation Management District	0	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
To Silver Spring Urban District	(1,718,700)	(2,140,000)	(2,153,000)	(2,212,000)	(2,280,000)	(2,352,000)	(2,418,000)
Transfers To The General Fund	0	(1,198,000)	0	0	0	0	0
General Fund Budget Transfers	0	(1,198,000)	0	0	0	0	0
TOTAL RESOURCES	19,622,950	20,953,460	21,584,840	21,802,500	24,952,940	30,537,200	37,324,090
CIP CURRENT REVENUE EXPEND.	(2,147,000)	(4,636,000)	(5,035,000)	(2,700,000)	(2,700,000)	(2,700,000)	(2,700,000)
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(9,973,250)	(10,145,750)	(10,307,000)	(10,407,770)	(10,424,320)	(10,445,400)	(10,554,580)
Debt Service: Other (Non-Tax Funds only)	(840,190)	(855,940)	0	0	0	0	0
Labor Agreement	n/a	n/a	(80,350)	(85,830)	(85,830)	(85,830)	(85,830)
Annualizations & One-Time	n/a	n/a	1,660	1,660	1,660	1,660	1,660
Retiree Health Insurance Pre-Funding	(22,830)	n/a	(29,950)	(59,860)	(89,760)	(96,520)	(103,610)
Credit Card Fees for POF/PBS	n/a	n/a	(1,320)	(2,680)	(4,080)	(4,080)	(4,080)
Garage 16 Renovation	n/a	n/a	(1,375,000)	(1,500,000)	(125,000)	0	0
Pay On Foot Maintenance	n/a	n/a	(2,610)	(5,300)	87,040	87,040	87,040
Subtotal PSP Oper Budget Approp / Exp's	(10,836,270)	(11,001,690)	(11,794,570)	(12,059,780)	(10,640,290)	(10,543,130)	(10,659,400)
TOTAL USE OF RESOURCES	(12,983,270)	(15,637,690)	(16,829,570)	(14,759,780)	(13,340,290)	(13,243,130)	(13,359,400)
YEAR END CASH BALANCE	6,639,680	5,315,770	4,755,270	7,042,720	11,612,650	17,294,070	23,964,690
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	33.8%	25.4%	22.0%	32.3%	46.5%	56.6%	64.2%

Assumptions:

1. The Cash balance includes funds required to be held by the District to cover Bond Covenants. Bond coverage (annual net revenues over debt service requirements) is maintained at about 920 percent in FY09. The minimum requirement is 125 percent.
2. Property tax revenue is assumed to increase over the six years based on an improved assessable base.
3. Large assessable base increases are due to economic growth and new projects coming online.
4. The labor contract with the Municipal and County Government Employees Organization, Local 1994, expires at the end of FY10.
5. These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY10-14 expenditures are based on the "major, known commitments" of elected officials and include negotiated labor agreements, estimates of compensation and inflation cost increases, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.
6. Hourly parking rates increase in FY09: Long Term from \$0.45 to \$0.50; Short Term from \$0.60 to \$0.75; Pay on Foot from \$0.50 to \$0.75.

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN				WHEATON PARKING LOT DISTRICT			
FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
ASSUMPTIONS							
Property Tax Rate: Real/Improved	0.240	0.240	0.240	0.240	0.240	0.240	0.240
Assessable Base: Real/Improved (000)	162,900	181,600	198,700	214,800	229,400	245,500	263,100
Property Tax Collection Factor: Real Property	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%
Property Tax Rate: Personal/Improved	0.600	0.600	0.600	0.600	0.600	0.600	0.600
Assessable Base: Personal/Improved (000)	16,300	16,500	16,600	16,800	17,000	17,200	17,400
Property Tax Collection Factor: Personal Property	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%	99.4%
Indirect Cost Rate	12.56%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	4.00%	2.50%	3.50%	4.00%	4.50%	4.75%	5.00%
BEGINNING CASH BALANCE	1,462,780	957,980	795,300	899,180	947,630	990,120	1,054,160
REVENUES							
Taxes	497,570	543,800	585,310	625,040	661,180	700,890	744,190
Charges For Services	725,000	1,035,000	1,035,000	1,035,000	1,035,000	1,035,000	1,035,000
Fines & Forfeitures	493,120	513,120	513,120	513,120	513,120	513,120	513,120
Miscellaneous	58,800	45,400	41,700	42,100	44,200	44,800	47,000
Subtotal Revenues	1,774,490	2,137,320	2,175,130	2,215,260	2,253,500	2,293,810	2,339,310
INTERFUND TRANSFERS (Net Non-CIP)	(814,240)	(779,060)	(642,380)	(717,610)	(742,450)	(745,840)	(752,440)
Transfers To The General Fund	(32,430)	(41,180)	(43,080)	(41,840)	(40,160)	(36,990)	(36,990)
Indirect Costs	(32,430)	(35,390)	(36,880)	(36,990)	(36,990)	(36,990)	(36,990)
Technology Modernization CIP	0	(5,790)	(6,200)	(4,850)	(3,170)	0	0
Transfers To Special Fds: Tax Supported	(781,810)	(737,880)	(599,300)	(675,770)	(702,290)	(708,850)	(715,450)
To Mass Transit	(195,260)	(60,000)	(15,000)	(25,000)	(25,000)	(25,000)	(25,000)
To Mass Transit [PVN]	(212,850)	(237,880)	(244,300)	(250,770)	(257,290)	(263,850)	(270,450)
To Wheaton Urban District	(373,700)	(440,000)	(340,000)	(400,000)	(420,000)	(420,000)	(420,000)
TOTAL RESOURCES	2,423,030	2,316,240	2,328,050	2,396,830	2,458,680	2,538,090	2,641,030
CIP CURRENT REVENUE EXPEND.	(284,000)	(290,000)	(157,000)	(157,000)	(157,000)	(157,000)	(157,000)
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(1,176,770)	(1,230,940)	(1,249,880)	(1,263,530)	(1,277,030)	(1,291,140)	(1,305,890)
Labor Agreement	n/a	n/a	(11,600)	(12,410)	(12,410)	(12,410)	(12,410)
Annualizations and One-Time	n/a	n/a	(4,540)	(4,540)	(4,540)	(4,540)	(4,540)
Retiree Health Insurance Pre-Funding	(4,280)	0	(5,610)	(11,220)	(16,830)	(18,090)	(19,420)
Credit Card Bank Fees for Pay-On-Foot and Pay-By-Space	n/a	n/a	(240)	(500)	(750)	(750)	(750)
Subtotal PSP Oper Budget Approp / Exp's	(1,181,050)	(1,230,940)	(1,271,870)	(1,292,200)	(1,311,560)	(1,326,930)	(1,343,010)
TOTAL USE OF RESOURCES	(1,465,050)	(1,520,940)	(1,428,870)	(1,449,200)	(1,468,560)	(1,483,930)	(1,500,010)
YEAR END CASH BALANCE	957,980	795,300	899,180	947,630	990,120	1,054,160	1,141,020
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	39.5%	34.3%	38.6%	39.5%	40.3%	41.5%	43.2%

Assumptions:

- Property tax revenue is assumed to increase over the six years based on an improved assessable base.
- Hourly parking rate increases from \$0.35 to \$0.50 in FY09.
- The labor contract with the Municipal and County Government Employees Organization, Local 1994, expires at the end of FY10.
- These projections are based on the Executive's Recommended Budget and include the revenue and resource assumptions of that budget. FY10-14 expenditures are based on the "major, known commitments" of elected officials and include negotiated labor agreements, estimates of compensation and inflation cost increases, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN			SOLID WASTE COLLECTION FUND				
FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	12.56%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Charge Per Household (once-weekly refuse collection)	\$66.00	\$73.00	\$78.00	\$85.00	\$89.00	\$91.00	\$93.00
Number of Households (mid-FY)	89,902	89,338	90,505	92,018	92,218	92,418	92,907
BEGINNING FUND BALANCE	1,696,600	1,143,070	863,120	715,460	820,970	927,930	967,770
REVENUES							
Charges For Services	5,890,740	6,521,670	7,059,390	7,821,530	8,207,400	8,410,040	8,640,351
Miscellaneous	160,000	130,000	140,000	150,000	160,000	160,000	160,000
Subtotal Revenues	6,050,740	6,651,670	7,199,390	7,971,530	8,367,400	8,570,040	8,800,351
INTERFUND TRANSFERS (Net Non-CIP)	(135,150)	(177,090)	(186,150)	(181,890)	(175,700)	(164,060)	(164,060)
Transfers To The General Fund	(135,150)	(155,820)	(163,370)	(164,060)	(164,060)	(164,060)	(164,060)
Indirect Costs	(130,150)	(150,820)	(158,370)	(159,060)	(159,060)	(159,060)	(159,060)
Technology Modernization CIP	0	(21,270)	(22,780)	(17,830)	(11,640)	0	0
Desktop Computer Modernization	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
TOTAL RESOURCES	7,612,190	7,617,650	7,876,360	8,505,100	9,012,670	9,333,910	9,604,061
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(6,469,120)	(6,754,530)	(7,102,310)	(7,620,140)	(8,020,750)	(8,302,150)	(8,375,670)
Labor Agreement	n/a	0	(58,590)	(63,990)	(63,990)	(63,990)	(63,990)
Subtotal PSP Oper Budget Approp / Exp's	(6,469,120)	(6,754,530)	(7,160,900)	(7,684,130)	(8,084,740)	(8,366,140)	(8,439,660)
TOTAL USE OF RESOURCES	(6,469,120)	(6,754,530)	(7,160,900)	(7,684,130)	(8,084,740)	(8,366,140)	(8,439,660)
YEAR END FUND BALANCE	1,143,070	863,120	715,460	820,970	927,930	967,770	1,164,400
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	15.0%	11.3%	9.1%	9.7%	10.3%	10.4%	12.1%

Assumptions:

Assumptions:

1. Refuse collection charges are adjusted to achieve cost recovery.

Notes:

1. The refuse collection charge is adjusted annually to fund the approved service program and to maintain an ending net asset balance between 10% and 15% of resources at the end of the six-year planning period. The fund balance policy for the Collection Fund was completed in August 2004.
2. These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here.

FY09-14 DIVISION OF SOLID WASTE SERVICES

FISCAL PROJECTIONS	APPROVED FY08	PROJECTED FY09	PROJECTED FY10	PROJECTED FY11	PROJECTED FY12	PROJECTED FY13	Projected FY14
CHARGES/FEES							
Single-Family Charges (\$/Household)	198.42	202.72	208.77	215.10	218.38	219.59	222.13
% change in rate from previous year	2.1%	2.2%	3.0%	3.0%	1.5%	0.6%	1.2%
Multi-Family Charges (\$/Dwelling Unit)	16.40	16.41	16.41	16.42	16.42	16.44	15.24
% change in rate from previous year	-9.6%	0.0%	0.0%	0.0%	0.0%	0.1%	-7.3%
Nonresidential Charges (medium "category" charge)	431.32	456.06	497.34	540.89	582.87	617.75	655.13
% change in rate from previous year	8.9%	5.7%	9.1%	8.8%	7.8%	6.0%	6.1%
Nonresidential Charges (average \$/2000 sq. ft.)	172.81	183.54	200.15	217.68	234.58	248.62	263.66

OPERATIONS CALCULATION

Goal is to maintain Net Change near zero

REVENUES							
Disposal Fees	32,097,580	30,153,720	30,124,960	30,453,440	30,785,530	31,117,610	31,441,260
Charges for Services/SBC	46,854,740	50,406,120	56,135,190	59,192,810	61,966,330	64,224,230	65,071,890
Miscellaneous	9,949,100	13,125,570	13,727,820	13,867,480	14,011,340	14,157,290	14,199,350
Investment Income	3,848,720	3,719,350	3,706,530	3,761,740	3,740,310	3,525,940	3,536,570
Subtotal Revenues	92,750,140	97,404,760	103,694,500	107,275,470	110,503,510	113,025,070	114,249,070
INTERFUND TRANSFERS	1,350,940	1,120,820	1,072,790	1,272,200	931,100	959,720	1,060,950
EXPENDITURES							
Personnel Costs	(8,315,280)	(8,890,680)	(9,545,480)	(10,080,030)	(10,525,210)	(10,990,250)	(11,471,780)
Operating Expenses	(82,254,110)	(83,511,500)	(90,858,040)	(98,271,960)	(102,198,630)	(104,556,320)	(104,397,330)
Capital Outlay	(1,928,100)	(1,691,660)	(2,488,330)	(1,499,340)	(670,840)	-	-
Subtotal Expenditures	(92,497,490)	(94,093,840)	(102,891,850)	(109,851,330)	(113,394,680)	(115,546,570)	(115,869,110)
POTENTIAL FUTURE EXPENDITURES*	-	-	-	-	-	-	-
CURRENT RECEIPTS TO CIP**	(8,035,000)	(9,468,000)	(10,633,000)	-	-	-	-
PAYOUT OF CLOSURE COSTS (Non-CIP)	1,465,470	1,476,490	1,513,590	1,556,170	1,599,210	1,642,690	1,687,410
CY ACCRUED CLOSURE COSTS	(51,810)	(43,330)	(42,100)	(42,580)	(43,040)	(43,480)	(44,720)
NET CHANGE	(5,017,750)	(3,603,100)	(7,286,070)	209,930	(403,900)	37,430	1,083,600

CASH POSITION

Goal is to maintain Cash and Investments Over/(Under) Reserve Requirements at greater than zero

ENDING CASH & INVESTMENTS							
Unrestricted Cash	24,251,750	29,742,820	21,059,720	20,173,500	17,776,650	16,036,250	15,072,450
Restricted Cash	36,198,030	34,543,050	35,322,310	35,692,850	36,737,700	37,453,650	38,293,690
Subtotal Cash & Investments	60,449,780	64,285,870	56,382,030	55,866,350	54,514,350	53,489,900	53,366,140
RESERVE & LIABILITY REQUIREMENTS							
Management Reserve	(23,445,130)	(24,720,710)	(26,460,140)	(27,346,480)	(28,181,830)	(28,967,280)	(28,974,780)
Debt Service Reserve	(1,915,500)	(1,590,000)	(1,248,000)	(893,000)	(524,000)	(255,500)	(255,500)
Future System Contingency Reserve	(1,061,480)	(1,000,000)	(1,000,000)	(1,708,860)	(2,425,770)	(3,150,750)	(3,881,790)
Research & Development Reserve	(2,878,260)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Renewal & Replacement Reserve	(3,282,180)	(3,588,260)	(3,685,150)	(3,782,800)	(3,881,150)	(3,980,120)	(4,081,620)
Stability Reserve	(3,615,480)	(3,544,080)	(2,829,020)	(1,861,710)	(1,624,940)	(1,000,000)	(1,000,000)
Subtotal Reserve Requirements	(36,198,030)	(34,543,050)	(35,322,310)	(35,692,850)	(36,737,690)	(37,453,650)	(38,293,690)
Closure/Postclosure Liability	(19,192,590)	(21,855,590)	(20,384,110)	(18,870,520)	(17,314,360)	(15,715,140)	(14,072,450)
Current Liabilities Not Including Debt/Closure							
Subtotal Reserve & Liability Requirements	(55,390,620)	(56,398,640)	(55,706,420)	(54,563,370)	(54,052,050)	(53,168,790)	(52,366,140)
CASH & INVESTMENTS OVER/(UNDER)							
RESERVE & LIABILITY REQUIREMENTS	5,059,160	7,887,230	675,610	1,302,980	462,300	321,110	1,000,000

Goal is to maintain Retained Earnings at greater than reserve requirements

RETAINED EARNINGS							
ENDING RETAINED EARNINGS	63,352,050	71,396,940	79,146,100	82,886,630	85,091,050	86,641,350	86,293,600
Less: Reserve Requirements	(36,198,030)	(34,543,050)	(35,322,310)	(35,692,850)	(36,737,690)	(37,453,650)	(38,293,690)
RETAINED EARNINGS OVER/(UNDER)							
RESERVE REQUIREMENTS	27,154,020	36,853,890	43,823,790	47,193,780	48,353,360	49,187,700	47,999,910

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN				VACUUM LEAF FUND			
FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	12.56%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Charge per single-family household	\$80.54	\$93.04	\$90.52	\$95.42	\$94.45	\$98.07	\$103.16
Charge per multi-family unit and townhome unit	\$3.50	\$4.04	\$3.93	\$4.15	\$4.10	\$4.26	\$4.48
BEGINNING FUND BALANCE	300,910	40,230	250,230	250,230	250,230	250,230	250,230
REVENUES							
Charges For Services	5,891,540	6,947,410	6,846,990	7,338,660	7,279,780	7,575,190	8,010,070
Miscellaneous	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Subtotal Revenues	5,951,540	7,007,410	6,906,990	7,398,660	7,339,780	7,635,190	8,070,070
INTERFUND TRANSFERS (Net Non-CIP)	(1,185,860)	(1,519,550)	(1,419,610)	(1,692,040)	(1,407,540)	(1,470,880)	(1,664,090)
Transfers To The General Fund	(423,590)	(553,010)	(580,900)	(580,070)	(574,290)	(544,050)	(568,800)
Indirect Costs	(423,590)	(454,480)	(475,380)	(497,490)	(520,370)	(544,050)	(568,800)
Technology Modernization CIP	0	(98,530)	(105,520)	(82,580)	(53,920)	0	0
Transfers To Special Fds: Non-Tax + ISF	(762,270)	(966,540)	(838,710)	(1,111,970)	(833,250)	(926,830)	(1,095,290)
To Solid Waste Disposal Fund for Compost Facility	(762,270)	(966,540)	(838,710)	(1,111,970)	(833,250)	(926,830)	(1,095,290)
TOTAL RESOURCES	5,066,590	5,528,090	5,737,610	5,956,850	6,182,470	6,414,540	6,656,210
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(5,026,360)	(5,277,860)	(5,356,630)	(5,566,280)	(5,791,900)	(6,023,970)	(6,265,640)
Labor Agreement	n/a	0	(130,750)	(140,340)	(140,340)	(140,340)	(140,340)
Subtotal PSP Oper Budget Approp / Exp's	(5,026,360)	(5,277,860)	(5,487,380)	(5,706,620)	(5,932,240)	(6,164,310)	(6,405,980)
TOTAL USE OF RESOURCES	(5,026,360)	(5,277,860)	(5,487,380)	(5,706,620)	(5,932,240)	(6,164,310)	(6,405,980)
YEAR END FUND BALANCE	40,230	250,230	250,230	250,230	250,230	250,230	250,230
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	0.8%	4.5%	4.4%	4.2%	4.0%	3.9%	3.8%

Assumptions:

1. Leaf vacuuming charges are adjusted to achieve cost recovery.
2. The rates have been set to establish a fund balance of at least \$250,000 at the end of FY09, consistent with the fund balance policy developed in August 2004. In future years, rates will be adjusted annually to fund the approved service program and maintain the appropriate ending funding balance.

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN				Permitting Services			
FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
Indirect Cost Rate	12.56%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	4.0%	2.5%	3.5%	4.0%	4.5%	4.8%	5.0%
BEGINNING UNRESTRICTED NET ASSETS							
FUND BALANCE	2,479,930	3,224,230	2,227,380	1,447,220	1,052,660	828,130	1,371,690
REVENUES							
Licenses & Permits	25,792,730	27,938,210	30,225,100	32,945,340	34,592,620	36,322,250	37,775,140
Charges For Services	2,628,040	2,622,620	2,686,090	2,753,240	2,822,070	2,892,630	2,964,940
Fines & Forfeitures	88,250	88,070	90,200	92,460	94,770	97,140	99,570
Miscellaneous	648,700	680,900	695,600	702,900	717,500	732,200	746,800
Subtotal Revenues	29,157,720	31,329,800	33,696,990	36,493,940	38,226,960	40,044,220	41,586,450
INTERFUND TRANSFERS (Net Non-CIP)	(1,858,830)	(2,564,800)	(2,762,770)	(2,825,240)	(2,853,040)	(2,784,950)	(2,942,070)
Transfers To The General Fund	(3,002,260)	(3,718,570)	(3,916,540)	(3,979,010)	(4,006,810)	(3,938,720)	(4,095,840)
Transfers From The General Fund	1,143,430	1,153,770	1,153,770	1,153,770	1,153,770	1,153,770	1,153,770
TOTAL RESOURCES	29,778,820	31,989,230	33,161,600	35,115,920	36,426,580	38,087,400	40,016,070
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(26,554,590)	(29,761,850)	(31,221,770)	(32,579,380)	(33,851,170)	(35,177,100)	(36,559,520)
Annualizations and One-Time	n/a	n/a	217,410	217,410	217,410	217,410	217,410
IT Replacement Plan	n/a	n/a	(60,000)	(550,000)	(375,000)	0	(200,000)
IT Lease Payments & Maintenance			(176,880)	(202,640)	(162,620)	(157,020)	(157,020)
Retiree Health Insurance Pre-Funding			(400,610)	(800,690)	(1,200,660)	(1,291,000)	(1,385,850)
Office Rent	n/a	n/a	(72,530)	(147,960)	(226,410)	(308,000)	(392,850)
Subtotal PSP Oper Budget Approp / Exp's	(26,554,590)	(29,761,850)	(31,714,380)	(34,063,260)	(35,598,450)	(36,715,710)	(38,477,830)
TOTAL USE OF RESOURCES	(26,554,590)	(29,761,850)	(31,714,380)	(34,063,260)	(35,598,450)	(36,715,710)	(38,477,830)
YEAR END FUND BALANCE: UNRESTRICTED NET ASSETS	3,224,230	2,227,380	1,447,220	1,052,660	828,130	1,371,690	1,538,240
END-OF-YEAR RESERVES AS A PERCENT OF UNRESTRICTED NET ASSETS	10.8%	7.0%	4.4%	3.0%	2.3%	3.6%	3.8%
YEAR END FUND BALANCE: CASH	6,249,100	5,252,250	4,472,090	5,286,540	6,331,490	6,773,530	6,834,490
END-OF-YEAR RESERVES AS A PERCENT OF CASH RESOURCES	19.0%	15.0%	12.4%	13.4%	15.1%	15.6%	15.1%

Assumptions:

- These projections are based on the Executive's Recommended Budget and include negotiated labor agreements, estimates of compensation and inflation cost increases, the operating costs of capital facilities, the fiscal impact of approved legislation or regulations, and other programmatic commitments. They do not include unapproved service improvements. The projected future expenditures, revenues, and fund balance may vary based on changes to fee rates, usage, inflation, future labor agreements, and other factors not assumed here.
- Major initiatives in this budget include: implementation of the Green Buildings legislation (\$441,840) and the expenditures and revenue adjustments for credit card acceptance (\$569,010). FY09 costs also reflect increased information technology maintenance cost associated with the Hansen upgrade.
- The labor contract with the Municipal and County Government Employees Organization, Local 1994 expires at the end of FY10.
- Key components of Permitting Service's technology replacement plan include: FY10 printer replacement (\$60,000); FY11 servers (\$350,000) and scanners (\$200,000); FY12 database server replacement (\$375,000); FY14 network switch replacement (\$140,000) and printer replacement (\$60,000), and routine DCM replacements.
- Fees are proposed to increase by 2.3 percent, to cover routine personnel cost increases. A base revenue factor reflecting average revenues from FY05 to FY08 and a 1 percent growth factor are assumed. Building construction permits have been increased 4 percent to cover expenditures in the Green Buildings legislation; land development and special exception fees have been increased to continue the multi-year fee realignment effort to more accurately reflect related expenses; and a 2 percent increase on all fees has been assumed to cover expenditures associated with credit card acceptance.
- The year-end unrestricted net asset and cash fund balance are targeted to ensure protection against possible cyclical softening of the construction market and related permit fee revenues. Both Cash and Unrestricted net assets balances are reported above.

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN

DEPARTMENT OF LIQUOR CONTROL

FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
Indirect Cost Rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	4.0%	2.5%	3.5%	4.0%	4.5%	4.8%	5.0%
BEGINNING FUND BALANCE	9,785,190	10,202,870	2,855,290	3,596,130	4,815,350	6,580,000	9,163,560
REVENUES							
Licenses & Permits	1,510,000	1,510,000	1,546,240	1,584,900	1,624,520	1,665,130	1,706,760
Charges For Services	8,500	8,500	8,700	8,920	9,140	9,370	9,600
Fines & Forfeitures	170,000	170,000	174,080	178,430	182,890	187,460	192,150
Gross Profit	58,713,110	61,501,980	64,269,570	67,161,700	70,183,980	73,342,260	76,642,660
Investment Income	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Total Revenues	60,501,610	63,290,480	66,098,590	69,033,950	72,100,530	75,304,220	78,651,170
INTERFUND TRANSFERS (Net Non-CIP)	(22,920,470)	(30,410,060)	(22,842,870)	(20,516,480)	(22,456,640)	(24,833,810)	(27,433,810)
Transfers To Debt Service Fund	(770,420)	0	0	0	0	0	0
Transfers To The General Fund	(22,150,050)	(30,410,060)	(22,842,870)	(20,516,480)	(22,456,640)	(24,833,810)	(27,433,810)
Indirect Costs	(2,312,990)	(2,321,850)	(2,598,490)	(2,610,110)	(2,610,110)	(2,610,110)	(2,610,110)
Technology Modernization	0	(635,600)	(680,680)	(532,670)	(347,830)	0	0
Earnings Transfer	(19,723,700)	(27,452,610)	(19,563,700)	(17,373,700)	(19,498,700)	(22,223,700)	(24,823,700)
TOTAL RESOURCES	47,366,330	43,083,290	46,111,010	52,113,600	54,459,240	57,050,410	60,380,920
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(35,095,620)	(38,728,000)	(38,728,000)	(38,728,000)	(38,728,000)	(38,728,000)	(38,728,000)
Debt Service: Other: State Transportation Projects	(200,000)	(500,000)	(1,780,000)	(5,650,000)	(5,425,000)	(5,300,000)	(5,200,000)
Labor Agreement	n/a	0	(1,196,150)	(1,312,380)	(1,312,380)	(1,312,380)	(1,312,380)
Southeastern Warehouse Lease	n/a	n/a	(28,140)	(28,980)	(29,850)	(30,750)	0
FFI - Central Duplicating			3,470	3,470	3,470	3,470	3,470
FFI - Retiree Health Insurance Pre-Funding	n/a	n/a	(584,060)	(1,167,360)	(1,750,480)	(1,882,190)	(2,020,490)
FFI - Retail Stores	n/a	n/a	(202,000)	(415,000)	(637,000)	(637,000)	(637,000)
Subtotal PSP Oper Budget Approp / Exp's	(35,295,620)	(39,228,000)	(42,514,880)	(47,298,250)	(47,879,240)	(47,886,850)	(47,894,400)
OTHER CLAIMS ON CASH BALANCE	(1,867,840)	(1,000,000)	0	0	0	0	0
TOTAL USE OF RESOURCES	(37,163,460)	(40,228,000)	(42,514,880)	(47,298,250)	(47,879,240)	(47,886,850)	(47,894,400)
YEAR END CASH BALANCE	10,202,870	2,855,290	3,596,130	4,815,350	6,580,000	9,163,560	12,486,520
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	21.5%	6.6%	7.8%	9.2%	12.1%	16.1%	20.7%

Assumptions:

1. Ending cash balance = One month's Operating Expenses, One Payroll, and \$1.5M for inventory.
2. Net Sales growth estimated at 4.5% per year.
3. Operating Revenue growth estimated at 4.5% per year.
4. Operating Expenses grow with Major Known Commitments and not CPI.
5. The labor contract with the Municipal and County Government Employees Organization, Local 1994 expires at the end of FY10.
6. Effective FY08, financing for State transportation projects is appropriated in the Department of Liquor Control.

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN			RISK MANAGEMENT				
FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
ASSUMPTIONS							
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	4.00%	2.50%	3.50%	4.00%	4.50%	4.75%	5.00%
Revenue Increase	0	0	39%	-3%	5%	6%	8%
BEGINNING FUND BALANCE	20,321,600	15,572,600	8,480,090	12,564,540	13,695,810	14,997,440	16,744,720
REVENUES							
Licenses & Permits	1,420,150	1,470,950	2,040,350	1,986,480	2,086,000	2,218,250	2,390,160
Miscellaneous	6,160,000	4,380,000	5,860,000	6,740,000	7,680,000	8,310,000	8,980,000
Subtotal Revenues	7,580,150	5,850,950	7,900,350	8,726,480	9,766,000	10,528,250	11,370,160
INTERFUND TRANSFERS (Net Non-CIP)	29,784,890	30,480,230	42,279,130	41,162,960	43,225,220	45,965,690	49,528,030
Transfers To Risk Management Fund	29,784,890	30,480,230	42,279,130	41,162,960	43,225,220	45,965,690	49,528,030
Tax Supported MCG Transfers to Fund	17,883,000	18,484,260	25,639,520	24,962,640	26,213,270	27,875,190	30,035,520
Outside Agency Transfers to Fund	10,167,610	9,869,810	13,690,410	13,328,980	13,996,760	14,884,150	16,037,670
TOTAL RESOURCES	57,686,640	51,903,780	58,659,570	62,453,980	66,687,030	71,491,380	77,642,910
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(42,114,040)	(43,423,690)	(45,727,080)	(48,392,080)	(51,261,080)	(54,353,080)	(58,734,490)
Labor Agreement			(235,560)	(251,260)	(251,260)	(251,260)	(251,260)
Annualizations and One Time Items			(29,930)	(29,930)	(29,930)	(29,930)	(29,930)
Claims Audit			(40,000)	0	(40,000)	0	(40,000)
Excess Liability Insurance Policy			(40,000)	(40,000)	(40,000)	(40,000)	(40,000)
Retiree Health Insurance Pre-Funding			(22,460)	(44,900)	(67,320)	(72,390)	(77,710)
TOTAL USE OF RESOURCES	(42,114,040)	(43,423,690)	(46,095,030)	(48,758,170)	(51,689,590)	(54,746,660)	(59,173,390)
YEAR END FUND BALANCE	15,572,600	8,480,090	12,564,540	13,695,810	14,997,440	16,744,720	18,469,520
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	27.0%	16.3%	21.4%	21.9%	22.5%	23.4%	23.8%

Assumptions:

1. Risk Management Contributions projected for this fund are adjusted as necessary to reflect the County's fiscal policy of maintaining a retained earnings balance, excess of claim reserves, sufficient to achieve a confidence level in the range of 80 to 85 percent that funding will be sufficient to cover all incurred liabilities.
2. Risk Management contributions to the Self-Insurance Fund are made annually based on actuarial analysis and evaluation of prior claims expenses.
3. Added staff costs for two Office of County Attorney Chargebacks: Compensation Claims Support Attorney I; PAA for Workers' Comp Claims Support.

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN				PRINTING AND MAIL INTERNAL SERVICE FUND			
FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
ASSUMPTIONS							
Indirect Cost Rate	12.56%	12.88%	12.88%	12.88%	12.88%	12.88%	12.88%
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	4.00%	2.50%	3.50%	4.00%	4.50%	4.75%	5.00%
Average Annual Rate Increase	0.0%	0.0%	8.0%	5.0%	2.0%	0.0%	0.0%
BEGINNING FUND BALANCE	(160,290)	94,140	160,490	160,390	333,680	287,130	702,100
REVENUES							
Charges For Services	5,704,830	6,533,090	7,653,200	8,603,440	8,751,610	8,751,610	8,751,610
Miscellaneous	245,800	116,730	0	0	0	0	0
Subtotal Revenues	5,950,630	6,649,820	7,653,200	8,603,440	8,751,610	8,751,610	8,751,610
TOTAL RESOURCES	5,790,340	6,743,960	7,813,690	8,763,830	9,085,290	9,038,740	9,453,710
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(5,456,630)	(6,583,470)	(6,674,140)	(6,770,080)	(6,868,410)	(6,969,200)	(7,072,510)
Labor Agreement	n/a	n/a	(120,620)	(131,000)	(131,000)	(131,000)	(131,000)
Master Lease Payments	(199,570)	0	0	0	0	199,570	240,000
Warehouse lease	n/a	n/a	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
Annualizations and One-Time	n/a	n/a	(40,540)	(40,540)	(40,540)	(40,540)	(40,540)
Master Lease Payment for ERMS	n/a	n/a	(597,460)	(1,194,910)	(1,194,910)	(1,194,910)	(1,194,910)
Equipment Replacement	(40,000)	n/a	(144,380)	(161,380)	(374,990)	420	420
Retiree Health Insurance Pre-Funding	n/a	0	(56,160)	(112,240)	(168,310)	(180,980)	(194,280)
Subtotal PSP Oper Budget Approp / Exp's	(5,696,200)	(6,583,470)	(7,653,300)	(8,430,150)	(8,798,160)	(8,336,640)	(8,412,820)
TOTAL USE OF RESOURCES	(5,696,200)	(6,583,470)	(7,653,300)	(8,430,150)	(8,798,160)	(8,336,640)	(8,412,820)
YEAR END FUND BALANCE	94,140	160,490	160,390	333,680	287,130	702,100	1,040,890
END-OF-YEAR RESERVES AS A							
PERCENT OF RESOURCES	1.6%	2.4%	2.1%	3.8%	3.2%	7.8%	11.0%

Assumptions:

1. Printing, Mail, and Records Management/Imaging rates are adjusted to achieve cost recovery.
2. The deficit recovery charge will be eliminated in FY10.
3. Master Lease Payments are for capital outlay equipment purchased in FY06 and FY07. The fund reflects projected replacement costs for printing, mail, and imaging equipment.
4. Equipment associated with implementation of electronic records management will be master leased.
5. Operating expenses are assumed to increase by inflation.

Notes:

1. The projected future expenditures, revenues, and fund balances may vary based on charges not assumed here to usage, greater than CPI inflation, future labor agreements, and other factors not assumed here.

EMPLOYEE HEALTH BENEFITS SELF INSURANCE FUND

FY09-14 FISCAL PROJECTION							
	Estimate - FY08	Projected - FY09	Projected - FY10	Projected - FY11	Projected - FY12	Projected - FY13	Projected - FY14
BEGINNING BALANCE	19,685,690	18,948,280	15,362,920	8,760,210	9,485,120	10,297,330	11,220,820
REVENUES							
Premium Contributions	124,019,690	131,287,790	137,178,440	154,911,610	168,228,780	183,205,790	200,371,780
Premium Contributions: Retiree Insurance NDA	24,810,190	25,725,330	28,287,900	32,299,520	35,280,150	38,673,490	42,520,640
Investment Income	337,290	369,180	402,700	445,440	488,780	532,250	582,010
TOTAL REVENUES	149,167,170	157,382,300	165,869,040	187,656,570	203,997,710	222,411,530	243,474,430
TOTAL FUNDS AVAILABLE	168,852,860	176,330,580	181,231,960	196,416,780	213,482,830	232,708,860	254,695,250
EXPENDITURES							
Claims Costs: Self-Insured							
Actives	123,564,800	135,097,810	146,195,980	158,746,760	172,932,710	189,043,180	207,634,210
Retirees	79,461,740	86,836,720	93,680,950	101,098,820	109,114,930	117,615,550	126,784,960
Premium Expenses	44,103,060	48,261,090	52,515,030	57,647,940	63,817,780	71,427,630	80,849,250
Actives	16,657,190	17,355,350	18,682,430	20,187,810	21,837,200	23,594,080	25,498,410
Retirees	14,945,830	15,592,980	16,818,440	18,213,060	19,735,270	21,354,250	23,115,160
Carrier Administration	1,711,360	1,762,370	1,863,990	1,974,750	2,101,930	2,239,830	2,383,250
Active	7,587,420	7,590,530	7,866,260	8,152,800	8,448,230	8,754,200	9,073,940
Retirees	5,409,200	5,388,260	5,602,850	5,826,140	6,058,200	6,298,780	6,548,590
In-house expenses	2,178,220	2,202,270	2,263,410	2,326,660	2,390,030	2,455,420	2,525,350
Other	2,095,170	2,232,500	2,344,130	2,461,340	2,584,410	2,713,630	2,849,310
	1,424,050	1,589,050	1,773,680	1,979,570	2,209,140	2,465,100	2,751,470
TOTAL EXPENDITURES	149,904,580	162,276,190	175,088,800	189,548,710	205,802,550	224,105,090	245,055,870
Funds Available Over(Under) Expenditures	18,948,280	14,054,390	6,143,160	6,868,070	7,680,280	8,603,770	9,639,380
OTHER CHANGES							
Prescription drug claims cost offset	-	1,308,530	2,617,050	2,617,050	2,617,050	2,617,050	2,617,050
ENDING BALANCE	18,948,280	15,362,920	8,760,210	9,485,120	10,297,330	11,220,820	12,256,430
TARGET FUND BALANCE (5% OF EXPENDITURES)	7,495,230	8,113,810	8,754,440	9,477,440	10,290,130	11,205,250	12,252,790
ENDING BALANCE AS % OF EXPENDITURES	12.6%	9.5%	5.0%	5.0%	5.0%	5.0%	5.0%

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN			MOTOR POOL				
FISCAL PROJECTIONS	FY08 ESTIMATE	FY09 REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
ASSUMPTIONS							
CPI (Fiscal Year)	3.6%	2.8%	2.4%	2.5%	2.5%	2.5%	2.5%
Investment Income Yield	4.00%	2.50%	3.50%	4.00%	4.50%	4.75%	5.00%
BEGINNING FUND BALANCE	5,684,480	5,733,540	4,582,050	2,105,100	4,768,070	6,951,820	7,829,610
REVENUES							
Charges For Services	56,867,430	64,853,290	67,675,420	69,367,310	71,101,490	72,879,030	74,701,010
Miscellaneous	1,760,000	1,670,000	1,776,550	1,855,220	1,944,850	2,015,470	2,087,100
Subtotal Revenues	58,627,430	66,523,290	69,451,970	71,222,530	73,046,340	74,894,500	76,788,110
TOTAL RESOURCES	64,311,910	72,256,830	74,034,020	73,327,630	77,814,410	81,846,320	84,617,720
PSP OPER. BUDGET APPROP/ EXP'S.							
Operating Budget	(58,578,370)	(67,674,780)	(68,623,050)	(69,626,380)	(70,654,790)	(71,708,910)	(72,789,380)
Labor Agreement	n/a	n/a	(839,490)	(897,580)	(897,580)	(897,580)	(897,580)
Vehicle Replacement Costs	n/a	n/a	(2,109,000)	2,634,000	1,671,500	(358,000)	(958,000)
Retiree Health Insurance Pre-Funding	n/a	n/a	(312,620)	(624,840)	(936,960)	(1,007,460)	(1,081,480)
Master Lease for Truck Bus Lifts			(47,450)	(47,450)	(47,450)	(47,450)	(47,450)
Central Duplicating Revenue Recovery Surcharge			2,690	2,690	2,690	2,690	2,690
Subtotal PSP Oper Budget Approp / Exp's	(58,578,370)	(67,674,780)	(71,928,920)	(68,559,560)	(70,862,590)	(74,016,710)	(75,771,200)
TOTAL USE OF RESOURCES	(58,578,370)	(67,674,780)	(71,928,920)	(68,559,560)	(70,862,590)	(74,016,710)	(75,771,200)
YEAR END FUND BALANCE	5,733,540	4,582,050	2,105,100	4,768,070	6,951,820	7,829,610	8,846,520
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES	8.9%	6.3%	2.8%	6.5%	8.9%	9.6%	10.5%
Assumptions: 1. This projection for the Motor Pool Fund represents the County Executive's Recommended Fiscal Plan for the purchase, maintenance, and replacement of the County's fleet in light and heavy equipment and the maintenance of transit equipment and buses. 2. Fleet Management Services operates the Motore Pool Fund, an Internal Services Fund, to account for the financing of services it provides other department or agencies of the County on a cost reimbursement basis. 3. PSP/Operating Budget Expenditures are based on major known commitments.							

FY09-14 PUBLIC SERVICES PROGRAM: FISCAL PLAN			M-NCPPC Enterprise Fund					
FISCAL PROJECTIONS		FY08 ESTIMATE	FY09 REC	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
BEGINNING CASH BALANCE		2,005,830	807,630	665,830	386,960	614,600	1,108,160	1,874,290
REVENUES								
Charges For Services	8,500,900	9,648,300	10,130,230	10,636,740	10,902,660	11,175,230	11,454,610	
Miscellaneous	100,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Subtotal Revenues	8,600,900	9,738,300	10,220,230	10,726,740	10,992,660	11,265,230	11,544,610	
INTERFUND TRANSFERS (Net Non-CIP)		619,000	619,000	0	0	0	0	0
Transfer from Park Fund (Ice Rink/Conf Center)		533,000	533,000	0	0	0	0	0
Transfer from Park Fund - General Subsidy		86,000	86,000	0	0	0	0	0
TOTAL RESOURCES		11,225,730	11,164,930	10,886,060	11,113,700	11,607,260	12,373,390	13,418,900
CIP CURRENT REVENUE APPROP.		(171,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Operating Budget		(8,935,900)	(9,070,000)	(9,070,000)	(9,070,000)	(9,070,000)	(9,070,000)	(9,070,000)
Debt Service: Other (Non-Tax Funds only)		(1,311,200)	(1,329,100)	(1,329,100)	(1,329,100)	(1,329,100)	(1,329,100)	(1,329,100)
Subtotal PSP Oper Budget Approp / Exp's		(10,247,100)	(10,399,100)	(10,399,100)	(10,399,100)	(10,399,100)	(10,399,100)	(10,399,100)
TOTAL USE OF RESOURCES		(10,418,100)	(10,499,100)	(10,499,100)	(10,499,100)	(10,499,100)	(10,499,100)	(10,499,100)
YEAR END CASH BALANCE		807,630	665,830	386,960	614,600	1,108,160	1,874,290	2,919,800
END-OF-YEAR RESERVES AS A PERCENT OF RESOURCES		7.2%	6.0%	3.6%	5.5%	9.5%	15.1%	21.8%

Assumptions:

- 1.CIP current revenue figures reflect M-NCPPC's estimated expenditures and end in FY14.
- 2.FY09 compensation estimates have been included.
- 3.Revenues are assumed to increase in the outyears to cover costs and have been increased by 5% in FY10 and FY11.

Notes:

1. These projections are based on the Executive's Recommended budget and include the revenue and resource assumptions of that budget. The projected future expenditures, revenues, and fund balances may vary based on changes not assumed here to fee or tax rates, usage, inflation, future labor agreements, and other factors not assumed here.

WSSC PROPOSED FY09 BUDGET: SIX-YEAR FORECAST FOR WATER & SEWER OPERATING FUNDS

FISCAL PROJECTIONS	FY08 ESTIMATED	FY09 PROPOSED	FY09 CE RECOMMENDED	FY10 PROJECTION	FY11 PROJECTION	FY12 PROJECTION	FY13 PROJECTION	FY14 PROJECTION
SPENDING AFFORDABILITY ASSUMPTIONS/RESULTS								
New Water/Sewer Debt (\$millions)	145.4	\$182.3	\$181.7	\$219.3	\$226.2	\$251.0	\$200.1	\$248.7
Total Water/Sewer Operating Expenses (\$millions)	\$421.1	\$482.3	\$482.2	\$525.2	\$550.6	\$587.5	\$612.4	\$649.1
Debt Service (\$millions)	\$147.0	\$157.4	\$157.3	\$183.7	\$191.7	\$209.0	\$221.9	\$240.1
Total Water/Sewer Bill Increase	6.5%	8.0%	8.0%	14.1%	5.5%	7.3%	4.4%	6.5%
BEGINNING FUND BALANCE (\$000)	54,217	59,546	59,546	42,973	41,219	41,219	41,219	41,219
REVENUES (\$000)								
Water & Sewer Rate Revenue	376,355	402,672	402,672	460,770	487,655	524,846	549,489	587,069
Interest Income	4,400	5,500	5,500	5,500	5,500	5,500	5,500	5,500
Ready to Serve Charge (Account Maintenance Fee)	22,650	22,850	22,850	23,050	23,250	23,450	23,650	23,850
Miscellaneous	21,566	18,572	18,572	18,596	18,766	18,936	19,106	19,276
Total Revenues	424,971	449,594	449,594	507,916	535,171	572,732	597,745	635,695
SDC Debt Service Offset	2,711	2,612	2,612	2,498	2,398	2,293	2,192	1,428
Reconstruction Debt Service Offset	12,000	12,000	12,000	11,500	11,500	11,000	11,000	10,500
Use of Prior Year Net Revenue	10,890	18,073	18,017	3,254	1,500	1,500	1,500	1,500
TOTAL FUNDS AVAILABLE	450,572	482,279	482,223	525,168	550,569	587,525	612,437	649,123
EXPENDITURES (\$000)								
Salaries and Wages	83,100	93,290	93,290	97,956	102,855	107,999	113,400	119,071
Heat, Light, and Power	22,271	23,499	23,499	24,507	25,813	28,957	30,149	31,385
Regional Sewage Disposal	38,627	40,558	40,558	42,010	43,527	45,534	47,628	49,809
Debt Service	147,000	157,363	157,307	183,749	191,723	209,025	221,912	240,116
All Other	144,855	167,569	167,569	176,946	186,651	196,010	199,348	208,742
Unspecified Reductions								
TOTAL USE OF RESOURCES	435,853	482,279	482,223	525,168	550,569	587,525	612,437	649,123
REVENUE/EXPENDITURE SURPLUS(GAP)	14,719	0	0	0	0	0	0	0
YEAR END FUND BALANCE w/o additional \$1.5 m reserve	58,046	41,473	41,529	39,719	39,719	39,719	39,719	39,719
Additional \$1.5 million Reserve Annual Contribution	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
TOTAL YEAR END FUND BALANCE	59,546	42,973	43,029	41,219	41,219	41,219	41,219	41,219
Debt Service as a Percent of Budget	33.7%	32.6%	32.6%	35.0%	34.8%	35.6%	36.2%	37.0%
Estimated Water Production (MGD)	171.0	169.5	169.5	170.0	170.5	171.0	171.5	172.0
5% Reserve (water and sewer revenue)	18,818	20,134	20,134	24,383	26,242	27,474	29,353	29,353
Accumulated Add'l Reserve - \$1.5M annual contribution since FY04	7,500	9,000	9,000	10,500	12,000	13,500	15,000	16,500

Assumptions:

1. FY10-14 reflects WSSC's multi-year forecast and assumptions which are not adjusted to conform to the County Executive's Recommended CIP for WSSC. The projected future expenditures, revenues, and fund balances may be based on changes to rates, fees, usage, inflation, future labor agreements, and other factors not assumed here.
2. The FY08 Estimated figures are based on WSSC's FY2008 Monthly Status Report for December, 2007, plus additional information provided by Budget Group staff.
3. The County Executive's operating budget recommendation is for FY09 only and incorporates the revenue and resource assumptions of that budget.
4. The FY09 Proposed spending affordability assumptions are the limits approved by the Montgomery County Council for FY09. (Prince George's County adopted different limits.) All other spending affordability figures correspond to the actual results for the various spending affordability parameters based on the revenue and expenditure forecasts shown for the given year.

APPENDICES

- Trends & Projections
- Changes in Assumptions: Economic, Demographic, and Revenues
- Revenue Summary
- Non Agency Uses of Resources
- Projected Total Uses of Resources (Combined Uses)
- Total Resources Available to Allocate to Services
- How to Fund the Budget
- PSP Fiscal Policy
- CIP Fiscal Policy
- Glossary
- Acronyms

TRENDS AND PROJECTIONS

DEMOGRAPHIC AND PLANNING INDICATORS	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14
POPULATION								
Annual Increase	956,000	968,000	979,000	990,000	1,000,000	1,009,000	1,018,000	1,027,000
Population Growth Since 1999	9,000	12,000	11,000	11,000	10,000	9,000	9,000	9,000
County Resident Births (Prior Calendar Year)	11.9%	13.3%	14.6%	15.9%	17.1%	18.1%	19.2%	20.2%
	13,806	13,960	14,130	14,300	14,470	14,620	14,760	14,890
HOUSEHOLDS								
Household Annual Growth (%)	355,425	360,425	365,125	370,000	374,000	378,000	382,000	386,000
Household Growth Since 1999	0.9%	1.4%	1.3%	1.3%	1.1%	1.1%	1.1%	1.0%
Household Growth Since 1992	11.6%	13.1%	14.6%	16.1%	17.4%	18.6%	19.9%	21.2%
Household Size	22.1%	23.8%	25.4%	27.1%	28.4%	29.8%	31.2%	32.6%
	2.69	2.69	2.68	2.68	2.67	2.67	2.66	2.66
RESIDENT EMPLOYMENT (Jan = Calendar Year)								
Resident Employment Annual Growth (%)	506,714	508,500	514,900	522,500	528,800	533,700	538,400	543,100
Resident Employment Growth Since 1999	0.4%	0.4%	1.3%	1.5%	1.2%	0.9%	0.9%	0.9%
Resident Employment Per Household	8.3%	8.6%	10.0%	11.6%	13.0%	14.0%	15.0%	16.0%
	1.43	1.41	1.41	1.41	1.41	1.41	1.41	1.41
PERSONAL INCOME (\$ Millions)								
Per Capita Personal Income	504,680	517,000	530,000	545,000	552,000	559,000	566,000	573,000
Annual Growth (%)	\$62,900	\$65,400	\$68,700	\$72,800	\$76,700	\$80,600	\$85,100	\$89,900
	\$65,795	\$67,562	\$70,174	\$73,535	\$76,700	\$79,881	\$83,595	\$87,537
	5.8%	2.7%	3.9%	4.8%	4.3%	4.1%	4.6%	4.7%
CONSUMER PRICE INDEX (CPI) - Fiscal Year								
Inflation Growth (Fiscal Year) Since Nov. 1999 (%)	3.37%	3.59%	2.82%	2.42%	2.50%	2.50%	2.50%	2.50%
	92.6%	105.1%	61.1%	38.3%	42.9%	42.9%	42.9%	42.9%
CONSUMER PRICE INDEX (CPI) - Calendar Year (%)								
Assessable Tax Base (\$ Millions)	3.62%	3.30%	2.35%	2.50%	2.50%	2.50%	2.50%	2.50%
Annual Growth (%)	\$129,660	\$146,398	\$162,808	\$177,811	\$191,923	\$204,742	\$218,866	\$234,275
Growth of Base Since 1992 (%)	13.4%	12.9%	11.2%	9.2%	7.9%	6.7%	6.9%	7.0%
Growth of Base Since 1999 (%)	116.7%	144.7%	172.2%	197.2%	220.8%	242.3%	265.9%	291.6%
	76.4%	99.1%	121.4%	141.8%	161.0%	178.5%	197.7%	218.6%
INVESTMENT INCOME YIELD (%)								
MCPS ENROLLMENT (Sept = Calendar Year)	5.21%	4.00%	2.50%	3.50%	4.00%	4.50%	4.75%	5.00%
Annual Growth (%)	137,798	137,745	137,763	137,658	137,439	137,623	137,968	138,527
Annual Increase (Decrease)	-1.1%	0.0%	0.0%	-0.1%	-0.2%	0.1%	0.3%	0.4%
	(1,589)	(53)	18	-105	-219	184	345	559
MONTGOMERY COLLEGE ENROLLMENTS (a)								
Annual Growth (%)	22,893	23,866	24,270	24,510	24,680	24,860	24,940	24,940
Full Time Equivalents (Sept = Calendar Year) (a)	2.83%	4.25%	1.69%	0.99%	0.69%	0.73%	0.32%	0.00%
Annual Growth in FTEs (%)	18,977	19,930	20,538	20,924	21,336	21,759	22,174	22,174
	4.17%	5.02%	3.05%	1.88%	1.97%	1.98%	1.91%	0.00%
MOTOR VEHICLE REGISTRATIONS								
Automobile Registrations	736,000	746,000	756,000	766,000	774,000	782,000	790,000	798,000
Trucks and Other	621,000	630,000	638,000	647,000	654,000	661,000	668,000	675,000
Automobile Registrations per Household	115,000	116,000	118,000	119,000	120,000	121,000	122,000	123,000
Vehicle Registrations per Household	1,747	1,748	1,747	1,749	1,749	1,749	1,749	1,749
	2,071	2,070	2,071	2,070	2,070	2,069	2,068	2,067

(a) Projections related to Montgomery College Enrollments and Full Time Equivalents are provided by Montgomery College and only include projections thru FY13. Since no projections are provided for FY14, the projections for FY13 were used for FY14.

Changes in Assumptions: Economic, Demographic, and Revenues December 2001 through March 2008

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
	Approved FY08	Estimated FY08	% Chg. FY08-09	Projected FY09	% Chg. FY09-10	Projected FY10	% Chg. FY10-11	Projected FY11	% Chg. FY11-12	Projected FY12	% Chg. FY12-13	Projected FY13	% Chg. FY13-14	Projected FY14
Population														
December, 2001	934,000	934,000		n/a		n/a		n/a		n/a		n/a		n/a
March, 2002	955,000	955,000		n/a		n/a		n/a		n/a		n/a		n/a
December, 2002	955,000	955,000	1.0%	965,000		n/a		n/a		n/a		n/a		n/a
March, 2003	955,000	955,000	1.0%	965,000		n/a		n/a		n/a		n/a		n/a
December, 2003	975,000	975,000	1.0%	985,000	1.0%	995,000		n/a		n/a		n/a		n/a
March, 2004	978,000	978,000	1.1%	989,000	1.1%	1,000,000		n/a		n/a		n/a		n/a
December, 2004	984,000	984,000	1.0%	994,000	1.0%	1,004,000	0.8%	1,012,000		n/a		n/a		n/a
March, 2005	984,000	984,000	1.0%	994,000	1.0%	1,004,000	0.8%	1,012,000		n/a		n/a		n/a
December, 2005	976,000	976,000	1.2%	988,000	1.2%	1,000,000	0.8%	1,008,000	0.8%	1,016,000		n/a		n/a
March, 2006	976,000	976,000	1.2%	988,000	1.2%	1,000,000	0.8%	1,008,000	0.8%	1,016,000		n/a		n/a
December, 2006	976,000	976,000	1.2%	988,000	1.2%	1,000,000	0.8%	1,008,000	0.8%	1,016,000	0.8%	1,024,000		n/a
March, 2007	976,000	976,000	1.2%	988,000	1.2%	1,000,000	0.8%	1,008,000	0.8%	1,016,000	0.8%	1,024,000		n/a
December, 2007	976,000	968,000	1.1%	979,000	1.1%	990,000	1.0%	1,000,000	0.9%	1,009,000	0.9%	1,018,000	0.9%	1,027,000
March, 2008	976,000	968,000	1.1%	979,000	1.1%	990,000	1.0%	1,000,000	0.9%	1,009,000	0.9%	1,018,000	0.9%	1,027,000
MOE Enrollment														
December, 2001	132,360	132,360		n/a		n/a		n/a		n/a		n/a		n/a
March, 2002	132,360	132,360		n/a		n/a		n/a		n/a		n/a		n/a
December, 2002	143,576	143,576	0.4%	144,218		n/a		n/a		n/a		n/a		n/a
March, 2003	143,576	143,576	0.4%	144,218		n/a		n/a		n/a		n/a		n/a
December, 2003	140,780	140,780	0.3%	141,241	0.3%	141,659		n/a		n/a		n/a		n/a
March, 2004	140,780	140,780	0.3%	141,241	0.3%	141,659		n/a		n/a		n/a		n/a
December, 2004	139,873	139,873	0.3%	140,339	0.2%	140,686	0.5%	141,338		n/a		n/a		n/a
March, 2005	139,873	139,873	0.3%	140,339	0.2%	140,686	0.5%	141,338		n/a		n/a		n/a
December, 2005	137,427	137,427	-0.2%	137,211	-0.1%	137,047	0.1%	137,154	0.4%	137,760		n/a		n/a
March, 2006	137,427	137,427	-0.2%	137,211	-0.1%	137,047	0.1%	137,154	0.4%	137,760		n/a		n/a
December, 2006	134,634	134,634	-0.1%	134,498	-0.6%	133,749	0.3%	134,094	0.0%	134,094	0.4%	134,659		n/a
March, 2007	134,634	134,634	-0.1%	134,498	-0.6%	133,749	0.3%	134,094	0.4%	134,659	0.6%	135,482		n/a
December, 2007	134,634	134,670	0.8%	135,776	-0.4%	135,279	-0.1%	135,174	-0.2%	134,955	0.1%	135,139	0.3%	135,484
March, 2008	134,634	134,563	0.6%	135,313	0.0%	135,279	-0.1%	135,174	-0.2%	134,955	0.1%	135,139	0.3%	135,484

Changes in Assumptions: Economic, Demographic, and Revenues

December 2001 through March 2008

A	B Approved FY08	C Estimated FY08	D % Chg. FY08-09	E Projected FY09	F % Chg. FY09-10	G Projected FY10	H % Chg. FY10-11	I Projected FY11	J % Chg. FY11-12	K Projected FY12	L % Chg. FY12-13	M Projected FY13	N % Chg. FY13-14	O Projected FY14
College Enrollment (FTE)														
December, 2001	16,140	16,140		n/a		n/a		n/a		n/a		n/a		n/a
March, 2002	16,140	16,140		n/a		n/a		n/a		n/a		n/a		n/a
December, 2002	15,422	15,422	1.8%	15,707		n/a		n/a		n/a		n/a		n/a
March, 2003	15,423	15,423	1.8%	15,700		n/a		n/a		n/a		n/a		n/a
December, 2003	15,423	15,423	1.8%	15,700	0.0%	15,700		n/a		n/a		n/a		n/a
March, 2004	14,885	14,885	1.6%	15,127	2.1%	15,444		n/a		n/a		n/a		n/a
December, 2004	14,885	14,885	1.6%	15,127	2.1%	15,444	0.0%	15,444		n/a		n/a		n/a
March, 2005	15,598	15,598	1.5%	15,831	0.9%	15,977	0.0%	15,977		n/a		n/a		n/a
December, 2005	19,121	19,121	2.5%	19,596	1.8%	19,939	1.5%	20,247	0.0%	20,247		n/a		n/a
March, 2006	19,121	19,121	2.5%	19,596	1.8%	19,939	1.5%	20,247	0.0%	20,247		n/a		n/a
December, 2006	19,121	19,121	2.5%	19,596	1.8%	19,939	1.5%	20,247	0.0%	20,247	0.0%	20,247		n/a
March, 2007	19,804	19,804	1.9%	20,184	1.4%	20,461	1.3%	20,736	0.9%	20,923	0.0%	20,923		n/a
December, 2007	19,804	19,930	3.1%	20,538	1.9%	20,924	2.0%	21,336	2.0%	21,759	1.9%	22,174	0.0%	22,174
March, 2008	19,804	19,930	3.1%	20,538	1.9%	20,924	2.0%	21,336	2.0%	21,759	1.9%	22,174	0.0%	22,174
CPI (Fiscal Year)														
December, 2001	2.5%	2.5%		n/a		n/a		n/a		n/a		n/a		n/a
March, 2002	2.5%	2.5%		n/a		n/a		n/a		n/a		n/a		n/a
December, 2002	2.3%	2.3%	-4.3%	2.2%		n/a		n/a		n/a		n/a		n/a
March, 2003	2.3%	2.3%	-4.3%	2.2%		n/a		n/a		n/a		n/a		n/a
December, 2003	2.5%	2.5%	-4.0%	2.4%	-4.2%	2.3%		n/a		n/a		n/a		n/a
March, 2004	2.5%	2.5%	-4.0%	2.4%	-4.2%	2.3%		n/a		n/a		n/a		n/a
December, 2004	2.6%	2.6%	-3.8%	2.5%	0.0%	2.5%	4.0%	2.6%		n/a		n/a		n/a
March, 2005	2.6%	2.6%	-3.8%	2.5%	0.0%	2.5%	4.0%	2.6%		n/a		n/a		n/a
December, 2005	2.6%	2.6%	3.8%	2.7%	0.0%	2.7%	0.0%	2.7%	0.0%	2.7%		n/a		n/a
March, 2006	2.6%	2.6%	3.8%	2.7%	0.0%	2.7%	0.0%	2.7%	0.0%	2.7%		n/a		n/a
December, 2006	2.9%	2.9%	-3.4%	2.8%	-3.6%	2.7%	-1.9%	2.7%	-1.9%	2.6%	-1.9%	2.6%		n/a
March, 2007	3.1%	3.1%	-8.2%	2.8%	-3.6%	2.7%	-1.9%	2.7%	-1.9%	2.6%	-1.9%	2.6%	-2.0%	2.5%
December, 2007	3.1%	3.1%	-8.2%	2.8%	-3.6%	2.7%	-1.9%	2.7%	-1.9%	2.6%	-1.9%	2.6%	-2.0%	2.5%
March, 2008	3.1%	3.6%	-21.4%	2.8%	-14.2%	2.4%	3.3%	2.5%	0.0%	2.5%	0.0%	2.5%	0.0%	2.5%

Changes in Assumptions: Economic, Demographic, and Revenues December 2001 through March 2008

A	B Approved FY08	C Estimated FY08	D % Chg. FY08-09	E Projected FY09	F % Chg. FY09-10	G Projected FY10	H % Chg. FY10-11	I Projected FY11	J % Chg. FY11-12	K Projected FY12	L % Chg. FY12-13	M Projected FY13	N % Chg. FY13-14	O Projected FY14
Growth Resident Employment (%)														
December, 2001	1.2%	1.2%		n/a		n/a		n/a		n/a		n/a		n/a
March, 2002	1.2%	1.2%		n/a		n/a		n/a		n/a		n/a		n/a
December, 2002	1.9%	1.9%	0.0%	1.9%		n/a		n/a		n/a		n/a		n/a
March, 2003	1.5%	1.5%	0.0%	1.5%		n/a		n/a		n/a		n/a		n/a
December, 2003	1.3%	1.3%	0.0%	1.3%	0.0%	1.3%		n/a		n/a		n/a		n/a
March, 2004	1.3%	1.3%	0.0%	1.3%	38.5%	1.8%		n/a		n/a		n/a		n/a
December, 2004	1.2%	1.2%	0.0%	1.2%	-8.3%	1.1%		n/a		n/a		n/a		n/a
March, 2005	1.1%	1.1%	45.5%	1.6%	-25.0%	1.2%	-27.3%	0.8%		n/a		n/a		n/a
December, 2005	1.6%	1.6%	0.0%	1.6%	-18.8%	1.3%	16.7%	1.4%	0.0%	n/a		n/a		n/a
March, 2006	1.2%	1.2%	0.0%	1.2%	-8.3%	1.1%	7.7%	1.4%	0.0%	1.4%		n/a		n/a
December, 2006	0.8%	0.8%	-25.0%	0.6%	33.3%	0.8%	0.0%	1.1%	0.0%	1.1%		n/a		n/a
March, 2007	0.7%	0.7%	14.3%	0.8%	37.5%	1.1%	18.2%	1.3%	-12.5%	0.7%	57.1%	1.1%		n/a
December, 2007	0.7%	0.5%	140.0%	1.2%	41.7%	1.7%	-17.6%	1.4%	-7.7%	1.2%	-8.3%	1.1%	0.0%	1.1%
March, 2008	0.7%	0.4%	225.0%	1.3%	15.4%	1.5%	-20.0%	1.2%	0.0%	1.4%	-21.4%	1.1%	0.0%	0.9%
Personal Income (CY)														
December, 2001	61,810	61,810		n/a		n/a		n/a		n/a		n/a		n/a
March, 2002	61,580	61,580		n/a		n/a		n/a		n/a		n/a		n/a
December, 2002	60,050	60,050	5.1%	63,100		n/a		n/a		n/a		n/a		n/a
March, 2003	58,800	58,800	4.4%	61,400		n/a		n/a		n/a		n/a		n/a
December, 2003	61,300	61,300	4.4%	64,000	4.5%	66,900		n/a		n/a		n/a		n/a
March, 2004	61,300	61,300	4.4%	64,000	5.3%	67,400		n/a		n/a		n/a		n/a
December, 2004	64,300	64,300	4.2%	67,000	3.7%	69,500	3.7%	72,100		n/a		n/a		n/a
March, 2005	62,800	62,800	5.9%	66,500	5.4%	70,100	5.6%	74,000		n/a		n/a		n/a
December, 2005	62,600	62,600	4.3%	65,300	4.3%	68,100	4.3%	71,000	4.1%	73,900		n/a		n/a
March, 2006	64,600	64,600	4.2%	67,300	4.0%	70,000	4.0%	72,800	4.1%	75,800		n/a		n/a
December, 2006	65,500	65,500	4.3%	68,300	5.1%	71,800	5.0%	75,400	4.9%	79,100	4.9%	83,000	0.0%	83,000
March, 2007	66,100	66,100	5.6%	69,800	5.7%	73,800	5.6%	77,900	5.5%	82,200	5.5%	86,700	0.0%	86,700
March, 2008	66,100	65,500	5.0%	68,800	5.4%	72,500	4.6%	75,800	4.4%	79,100	4.8%	82,900	4.9%	87,000
December, 2007	66,100	65,400	5.0%	68,700	6.0%	72,800	5.4%	76,700	5.1%	80,600	5.6%	85,100	5.6%	89,900

**Changes in Assumptions: Economic, Demographic, and Revenues
December 2001 through March 2008**

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
	Approved FY08	Estimated FY08	% Chg. FY08-09	Projected FY09	% Chg. FY09-10	Projected FY10	% Chg. FY10-11	Projected FY11	% Chg. FY11-12	Projected FY12	% Chg. FY12-13	Projected FY13	% Chg. FY13-14	Projected FY14
Property Tax Revenues														
December, 2001	1,109.4	1,109.4		n/a		n/a		n/a		n/a		n/a		n/a
March, 2002	1,115.1	1,115.1		n/a		n/a		n/a		n/a		n/a		n/a
December, 2002	1,291.5	1,291.5	3.2%	1,332.7		n/a		n/a		n/a		n/a		n/a
March, 2003	1,400.3	1,400.3	4.8%	1,467.9		n/a		n/a		n/a		n/a		n/a
December, 2003	1,425.7	1,425.7	5.2%	1,499.9	3.8%	1,556.4		n/a		n/a		n/a		n/a
March, 2004	1,450.1	1,450.1	5.2%	1,525.1	4.0%	1,586.2		n/a		n/a		n/a		n/a
December, 2004	1,445.4	1,445.4	10.9%	1,602.5	10.6%	1,771.7	8.6%	1,924.5		n/a		n/a		n/a
March, 2005	1,419.3	1,419.3	9.7%	1,557.5	8.7%	1,693.2	8.6%	1,838.1		n/a		n/a		n/a
December, 2005	1,449.0	1,449.0	10.2%	1,597.3	9.7%	1,752.7	9.4%	1,917.6	8.1%	2,073.5		n/a		n/a
March, 2006	1,293.9	1,293.9	11.2%	1,439.5	9.6%	1,577.0	9.5%	1,726.7	9.2%	1,885.3		n/a		n/a
December, 2006	1,357.2	1,357.2	9.2%	1,481.5	8.2%	1,603.4	9.8%	1,760.5	8.2%	1,905.5	8.8%	2,073.5		n/a
March, 2007	1,207.5	1,207.5	3.0%	1,243.5	3.4%	1,286.2	3.4%	1,329.8	3.3%	1,374.1	3.4%	1,420.3		n/a
December, 2007	1,207.5	1,208.0	3.0%	1,243.9	3.3%	1,285.3	3.2%	1,326.6	3.1%	1,367.8	3.1%	1,409.6	3.0%	1,452.6
March, 2008	1,207.5	1,209.5	14.5%	1,385.2	3.7%	1,435.8	1.7%	1,460.7	3.0%	1,504.6	3.0%	1,549.5	2.9%	1,595.1
Income Tax Revenues														
December, 2001	1,036.3	1,036.3		n/a		n/a		n/a		n/a		n/a		n/a
March, 2002	1,044.2	1,044.2		n/a		n/a		n/a		n/a		n/a		n/a
December, 2002	990.2	990.2	6.2%	1,051.8		n/a		n/a		n/a		n/a		n/a
March, 2003	1,088.2	1,088.2	6.4%	1,157.9		n/a		n/a		n/a		n/a		n/a
December, 2003	1,027.5	1,027.5	6.3%	1,092.2	5.5%	1,151.8		n/a		n/a		n/a		n/a
March, 2004	1,034.5	1,034.5	5.1%	1,087.5	4.4%	1,135.8		n/a		n/a		n/a		n/a
December, 2004	1,041.8	1,041.8	5.6%	1,100.6	4.7%	1,152.7	5.8%	1,220.0		n/a		n/a		n/a
March, 2005	1,046.3	1,046.3	5.2%	1,100.6	4.6%	1,150.7	5.6%	1,215.5		n/a		n/a		n/a
December, 2005	1,058.8	1,058.8	5.7%	1,119.0	5.2%	1,177.1	5.5%	1,242.1	5.1%	1,305.5		n/a		n/a
March, 2006	1,102.8	1,102.8	4.5%	1,152.4	3.9%	1,197.6	4.6%	1,253.2	4.2%	1,305.7		n/a		n/a
December, 2006	1,236.5	1,236.5	6.3%	1,314.6	5.9%	1,392.7	6.7%	1,486.2	6.1%	1,576.4	6.0%	1,671.5		n/a
March, 2007	1,286.9	1,286.9	5.7%	1,360.5	5.9%	1,440.5	7.1%	1,542.6	6.4%	1,641.1	6.4%	1,746.3		n/a
December, 2007	1,286.9	1,243.4	4.3%	1,297.0	8.2%	1,402.9	6.7%	1,497.2	6.4%	1,592.3	7.9%	1,717.4	6.4%	1,826.8
March 2008, 2007	1,286.9	1,285.0	3.1%	1,325.4	6.0%	1,404.9	7.1%	1,504.3	7.1%	1,611.2	7.4%	1,730.4	6.4%	1,840.9

**REVENUE SUMMARY
TAX SUPPORTED BUDGETS**
(\$ Millions)

A KEY REVENUE CATEGORIES	B Approved FY08 5-24-07	C Estimate FY08 03-17-08	D % Chg. FY08-09 Rec/Bud	E % Chg. FY08-09 Rec/Est	F Rec. FY09	G % Chg. FY09-10	H Projected FY10	I % Chg. FY10-11	J Projected FY11	K % Chg. FY11-12	L Projected FY12	M % Chg. FY12-13	N Projected FY13	O % Chg. FY13-14	P Projected FY14
TAXES															
1 Property Tax (less PDs)	1,207.5	1,209.5	14.7%	14.5%	1,385.2	3.7%	1,435.8	1.7%	1,460.7	3.0%	1,504.6	3.0%	1,549.5	2.9%	1,595.1
2 Income Tax	1,286.9	1,285.0	3.0%	3.1%	1,325.4	6.0%	1,404.9	7.1%	1,504.3	7.1%	1,611.2	7.4%	1,730.4	6.4%	1,840.9
3 Transfer Tax	120.8	80.2	-33.0%	0.8%	80.9	5.8%	85.6	5.9%	90.6	5.7%	95.8	5.4%	102.8	8.0%	111.1
4 Recordation Tax	72.5	53.2	-6.0%	27.9%	68.1	4.6%	71.2	5.0%	74.8	4.3%	78.0	5.4%	82.2	7.6%	88.5
5 Energy Tax	119.9	119.5	1.4%	1.8%	121.6	2.0%	124.1	1.4%	125.8	1.6%	127.9	1.8%	130.2	1.8%	132.6
6 Telephone Tax	30.2	30.0	2.1%	2.7%	30.9	2.9%	31.8	2.5%	32.5	2.5%	33.4	0.8%	33.6	1.0%	34.0
7 Hotel/Motel Tax	18.4	18.1	7.9%	9.7%	19.9	2.6%	20.4	6.7%	21.8	6.3%	23.1	6.3%	24.6	6.2%	26.1
8 Admissions Tax	2.5	2.3	-5.2%	2.6%	2.4	2.1%	2.4	2.1%	2.5	2.0%	2.5	2.6%	2.6	2.0%	2.6
9 Total Local Taxes	2,858.7	2,797.9	6.1%	8.5%	3,034.3	4.7%	3,176.1	4.3%	3,312.9	4.9%	3,476.4	5.2%	3,655.9	4.8%	3,830.8
INTERGOVERNMENTAL AID															
10 Highway User	38.7	38.3	2.4%	3.5%	39.7	1.3%	40.2	1.0%	40.6	1.0%	41.0	1.0%	41.4	1.1%	41.8
11 Police Protection	13.2	13.5	2.2%	0.0%	13.5	1.1%	13.6	1.0%	13.8	0.9%	13.9	0.9%	14.0	0.9%	14.1
12 Libraries	4.2	4.4	24.2%	18.6%	5.3	5.3	5.3	1.0%	5.4	0.9%	5.4	0.9%	5.5	0.9%	5.5
13 Health Services Case Formula	5.6	6.0	12.4%	3.8%	6.3	2.4%	6.4	2.5%	6.6	2.5%	6.7	2.5%	6.9	2.5%	7.1
14 Mass Transit	22.8	25.4	21.9%	9.6%	27.8	2.4%	28.5	2.5%	29.2	2.5%	29.9	2.3%	30.7	2.5%	31.4
15 Public Schools	389.3	391.2	2.6%	2.1%	399.3	1.2%	404.1	3.9%	419.7	2.3%	429.4	2.3%	439.4	2.3%	449.6
16 Community College	28.7	28.4	14.2%	15.4%	32.7	2.4%	33.5	2.5%	34.4	2.5%	35.2	2.5%	36.1	2.5%	37.0
17 Direct Reimbursements	31.8	30.9	-18.0%	-15.9%	26.0	3.0%	26.8	3.0%	27.6	3.0%	28.4	2.9%	29.3	2.9%	30.1
17a Direct Reimb: DSS Services	31.1	32.8	-100.0%	-14.2%	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0	n/a	0.0
18 Other	9.8	13.6	19.8%	-14.2%	11.7	3.0%	12.0	3.0%	12.4	3.0%	12.8	2.9%	13.2	2.9%	13.5
19 Subtotal State Aid	575.2	584.6	-2.2%	-3.8%	562.3	1.5%	570.5	3.3%	589.6	2.2%	602.8	2.2%	616.4	2.3%	630.2
20 Federal Aid	1.6	1.6	3.8%	-0.3%	1.6	1.5%	1.7	1.5%	1.7	1.5%	1.7	1.5%	1.7	1.5%	1.8
21 Total Intergovernmental Aid	576.7	586.3	-2.2%	-3.8%	563.9	1.5%	572.2	3.3%	591.3	2.2%	604.5	2.2%	618.1	2.3%	632.0
FEES AND FINES															
22 Licenses & Permits	10.8	11.3	19.2%	13.6%	12.9	1.5%	13.1	1.5%	13.2	1.5%	13.4	1.5%	13.6	1.5%	13.9
23 Charges for Services	52.1	49.6	13.6%	19.3%	59.2	1.9%	60.3	2.0%	61.5	2.0%	62.8	2.0%	64.0	2.0%	65.3
24 Fines & Forfeitures	19.2	20.7	35.0%	25.5%	25.9	1.6%	26.4	1.6%	26.8	1.6%	27.2	1.6%	27.6	1.6%	28.1
25 Montgomery College Tuition	62.8	63.5	9.2%	7.9%	68.6	10.5%	75.8	5.4%	79.9	5.3%	84.1	5.2%	88.5	5.1%	93.0
26 Total Fees and Fines	144.9	145.1	15.0%	14.8%	166.6	5.4%	175.5	3.4%	181.4	3.3%	187.5	3.4%	193.8	3.3%	200.2
MISCELLANEOUS															
27 Investment Income	32.0	25.5	-54.2%	-42.5%	14.6	63.3%	23.9	21.8%	29.1	19.0%	34.7	10.3%	38.2	5.3%	41.8
28 Other Miscellaneous	12.8	12.4	3.9%	6.7%	13.3	2.4%	13.6	2.5%	13.9	2.5%	14.3	2.5%	14.6	2.5%	15.0
29 Total Miscellaneous	44.8	37.9	-37.7%	-26.3%	27.9	34.4%	37.5	14.8%	43.1	13.7%	48.9	8.0%	52.9	7.3%	56.8
30 TOTAL REVENUES	3,625.1	3,567.2	4.6%	6.3%	3,792.7	4.4%	3,961.3	4.2%	4,128.6	4.6%	4,317.3	4.7%	4,520.7	4.4%	4,719.8
31 \$ Change from prior Budget	303.7	83.6			225.5		168.6		167.3		188.7		203.3		199.1

FY09-14 Fiscal Plan Non Agency Uses of Resources

- Capital Investment (CIP Current Revenue and PAYGO) and Debt Service based on latest Executive Recommendation (current through March 17, 2008). Further changes to be transmitted to County Council by March 31, 2008.
- FY08 set-aside of \$17.3 million for potential supplemental appropriations, the largest portion for snow removal and other potential cost overruns (\$16 million).
- Revenue Stabilization (Rainy Day) Fund at \$119.6 million in FY08 with no additional contributions projected.
- FY09-14 reserves at combined total (Revenue Stabilization Fund and designated and undesignated reserves) of six percent of resources.

PROJECTED TOTAL USES OF RESOURCES (COMBINED USES)

(\$ Millions)

A USE OF RESOURCES	B Approved FY08	C Estimate FY08	D % Chg. FY08-09 Rec / Bud	E % Chg. FY08-09 Rec / Est	F Rec. FY09	G % Chg. FY09-10	H Projected FY10	I % Chg. FY10-11	J Projected FY11	K % Chg. FY11-12	L Projected FY12	M % Chg. FY12-13	N Projected FY13	O % Chg. FY13-14	P Projected FY14
1 Total Resources															
2 Revenues	3,625.1	3,567.2	4.6%	6.3%	3,792.7	4.4%	3,961.3	4.2%	4,128.6	4.6%	4,317.3	4.7%	4,520.7	4.4%	4,719.8
3 Beginning Reserves Undesignated	175.8	274.1	-22.6%	-50.4%	136.0	-19.5%	109.5	7.8%	118.0	9.2%	128.9	9.6%	141.2	9.0%	153.9
4 Beginning Reserves Designated	20.7	5.8	-69.8%	8.0%	6.2	-20.7%	27.1	2.5%	27.8	2.5%	28.4	2.5%	29.2	2.5%	29.9
5 Net Transfers In	11.5	11.3	196.3%	201.1%	34.1										
6 Total Resources	3,833.1	3,858.4	3.5%	2.9%	3,969.1	3.5%	4,106.9	4.3%	4,283.1	4.7%	4,483.1	4.8%	4,699.2	4.5%	4,912.0
7 \$ Change from prior Budget	250.7	107.8			110.7		137.8		176.2		200.0		216.0		212.8
8 Uses: Non-Agency															
9 Capital Investment (a)															
10 Debt Service: GO Bonds for all Agy's.	226.5	225.2	1.8%	2.4%	230.6	11.8%	257.8	7.5%	277.1	6.8%	296.0	7.4%	317.9	5.6%	335.7
11 Debt Service: Local Parks	4.7	4.7	0.3%	0.3%	4.7	-6.4%	4.4	0.0%	4.4	0.0%	4.4	0.0%	4.4	0.0%	4.4
12 Debt Service: Leases	13.0	13.0	33.7%	33.8%	17.4	22.6%	21.3	5.0%	22.4	4.0%	23.3	-1.9%	22.8	-5.0%	21.7
13 CIP Current Revenue	42.5	40.0	12.7%	19.9%	47.9	-10.7%	42.8	-34.8%	27.9	-23.6%	21.3	-21.7%	16.7	4.4%	17.4
14 CIP Paygo	27.5	27.5	9.1%	9.1%	30.0	0.0%	30.0	0.0%	30.0	0.0%	30.0	0.0%	30.0	0.0%	30.0
14a CIP Paygo Rec Tax	0.0	0.0	0.0%	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0
15 Sub-total Capital	314.2	310.4	5.2%	6.5%	330.6	7.8%	356.3	1.5%	361.8	3.7%	375.0	4.5%	391.9	4.4%	409.2
16 Other Uses															
17 Set Aside: Potential Supplementals	0.0	18.4			0.0		23.1		23.1		23.1		23.1		23.1
18 Set Aside: Other Claims	0.0	0.0			0.0		2.5		2.5		0.0		0.0		0.0
19 Revenue Stabilization Fund	0.0	0.0			0.0		0.0		0.0		0.0		0.0		0.0
20 Sub-total Other	0.0	18.4			2.6		25.7		25.7		23.1		23.1		23.1
21 Reserves															
22 Revenue Stabilization Fund	119.6	119.6	0.0%	0.0%	119.6	0.0%	119.6	0.0%	119.6	0.0%	119.6	0.0%	119.6	0.0%	119.6
23 Reserve Undesignated	104.6	136.0	4.7%	-19.5%	109.5	7.8%	118.0	9.2%	128.9	109.6%	141.2	9.0%	153.9	8.1%	166.4
24 Reserve Designated	5.7	6.2	57.4%	44.1%	9.0		8.8		8.5		8.1		8.4		8.7
25 Sub-total Reserves	230.0	261.9	3.5%	-9.1%	238.1	3.5%	246.4	4.3%	257.0	4.7%	269.0	4.8%	281.9	4.5%	294.7
26 Less Revenue Stabilization Fund	(119.6)	(119.6)	0.0%	0.0%	(119.6)	0.0%	(119.6)	0.0%	(119.6)	0.0%	(119.6)	0.0%	(119.6)	0.0%	(119.6)
27 Less Designated Reserve	(5.7)	(6.2)	57.4%	44.1%	(9.0)		(8.8)		(8.5)		(8.1)		(8.4)		(8.7)
28 Sub-total Undesignated Reserves	104.6	136.0	4.7%	-19.5%	109.5	7.8%	118.0	9.2%	128.9	9.6%	141.2	9.0%	153.9	8.1%	166.4
29 Total Uses: Non-Agency	424.5	471.0	6.4%	-4.1%	451.7	12.6%	508.7	3.1%	524.8	4.3%	547.5	5.4%	577.3	5.2%	607.4
30 Uses: Available for Agency Services	3,408.6	3,387.4	3.2%	3.8%	3,517.5	2.3%	3,598.2	4.5%	3,758.4	4.7%	3,935.6	4.7%	4,121.9	4.4%	4,304.6
31 \$ Change from prior Budget	233.2	207.8			130.1		80.7		160.2		177.3		186.2		182.7

(a) See separate displays elsewhere in this book for allocation of Debt Service and CIP Current Revenue by Agency (A-3 Schedule).

(b) FY09-14 Debt Service, PAYGO, and CIP Current Revenue as recommended by the County Executive on January 15, 2008 with further changes to be transmitted shortly.

FY09-14 Fiscal Plan

Total Resources Available to Allocate to Services*

	FY08	FY09	FY10	FY11	FY12	FY13	FY14
CC Appr: 7/1/07	3,408.6	3,404.4	3,561.9	3,765.2	3,935.9	4,109.6	n/a
Growth	7.6%	-0.1%	4.6%	5.7%	4.5%	4.4%	n/a
Current Est. 11/19/07	3,412.7	3,298.6	3,478.3	3,669.3	3,832.3	4,017.3	4,167.1
Growth	7.7%	-3.3%	5.4%	5.5%	4.4%	4.8%	3.7%
Current Est. 3/17/07	3,387.4	3,517.5	3,598.2	3,758.4	3,935.6	4,121.9	4,304.6
Growth	6.9%	3.8%	2.3%	4.5%	4.7%	4.7%	4.4%
Change From 11/19/07	-25.3	218.9	119.9	89.0	103.3	104.6	137.4
Change From 7/1/07	-21.2	113.0	36.2	-6.9	-0.3	12.2	n/a

* Total Resources less Other Uses (Capital, Debt Service, Reserve) = Total Available to Allocate; figures exclude the Revenue Stabilization Fund.

Note: This table shows the change in estimates of the amounts projected to be available to allocate to the four agencies (MCPS, MC, M-NCPPC, MCG). The comparison is the FY08 Approved Budget (May 24, 2007) with current estimates of resources and other uses.

How To Fund The Budget

INTRODUCTION

This chapter provides demographic and economic assumptions, including detailed discussions of the national, State and local economies. Revenue sources, both tax supported and non-tax supported, used to fund the County Executive's Recommended FY09 Operating Budget incorporate policy recommendations.

ESTIMATING SIX-YEAR COSTS

Demographic Assumptions

The revenue projections of the Public Services Program (PSP) incorporate demographic assumptions based on Council of Governments (COG) Round 7a estimates, as prepared by M-NCPPC, and are based on fiscal and economic data and analyses used or prepared by the Department of Finance.

- County population, which was 956,000 in 2007, will continue to increase an average of approximately 10,150 persons each year throughout the next seven years reaching one million by 2011 and 1,027,000 by 2014. This reflects an average annual growth rate of 1.3 percent, which is below the average annual growth rate of 1.6 percent during the late 1990s.
- There were an estimated 355,500 households in the County in 2007. Household growth throughout the next seven years is now projected to grow by 4,400 units each year, which translates into a growth rate of 1.2 percent annually. As a result, current projections estimate 374,000 households by the year 2011 and 386,000 by 2014.
- The County's senior population continues to grow with an estimated 104,272 persons 65 or older living here in 2005 and projected to increase to 131,620 by 2015.
- County births, which are one indicator of future elementary school populations and child day care demand, are projected to gradually increase, from an estimated 13,960 in 2008 to 14,890 by 2014.
- Montgomery County Public School enrollments are projected to remain relatively stable over the next six years. The County expects an enrollment increase of 271 students from FY08 to FY14.
- Montgomery College enrollments are projected to increase from 24,270 in September 2008 to 24,940 in September 2012 (FY13). These estimates are based on a continuation of growth in fall enrollment.

Using moderate economic and demographic assumptions to develop fiscal projections does not mean that all possible factors have been considered. It is likely that entirely unanticipated events will affect long-term projections of revenue or expenditure pressures. Although they cannot be quantified, such potential factors should not be ignored in considering possible future developments. These potential factors include the following:

- Changes in the level of local economic activity,
- Federal economic and workforce changes,
- State tax and expenditure policies,
- Federal and State mandates requiring local expenditures,
- Devolution of Federal responsibilities to states and localities,
- Local tax policy changes,
- Changes in financial markets,
- Major demographic changes,
- Military conflicts and acts of terrorism, and
- Major international economic and political changes.

The scenario is based on demographic assumptions resulting from COG Round 7a estimates as projected by M-NCPPC. A *Demographic and Economic Assumptions* chart located at the end of this chapter provides several demographic and planning indicators.

Policy Assumptions

Revenue and resource estimates presented are the result of the recommended policies of the County Executive for the FY09 budget. Even though it is assumed that these policies will be effective throughout the six-year period, subsequent Council actions, State law and budgetary changes, actual economic conditions, and revised revenue projections may result in policy changes in later years.

Economic Assumptions

Revenue projections depend on the current and projected indicators of the national and local economy. National economic indicators also influence the County's revenue projections. Such indicators include short-term interest rates, mortgage interest rates, and the stock market. Local economic indicators include employment, retail sales, housing sales, residential and nonresidential construction, inflation, and consumer confidence. The assumptions for each of those indicators will affect the revenue projections over the six-year horizon. Because of the large presence

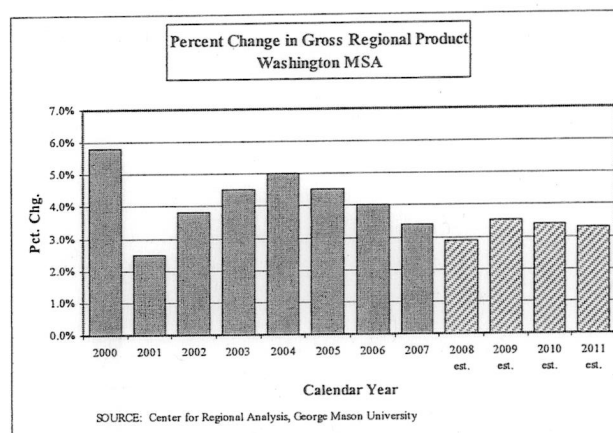
of the federal government, in terms of employment, procurement, and federal retirees, Montgomery County's economy, generally, does not experience the volatility that is experienced nationally.

The economic projections for the next six fiscal years assume a slow but sustainable growth rate. However, growth will be significantly weaker in the early part of this forecast period. Such projections are dependent on a number of factors – fiscal and monetary policy, consumer and business confidence, the stock market, mortgage interest rates, and geopolitical risks.

The national economy experienced an economic slowdown during calendar year 2007. For the year, real gross domestic product (GDP) grew 2.2 percent, the lowest rate since 2002 (1.6%), with much of the growth attributable to consumer purchases of durable goods, business investment in equipment and software, non-residential construction, and exports. The slowdown in the national economy is attributed to lackluster growth during the first and fourth quarters of 2007 (0.6% each). Economic growth is projected to decelerate in 2008 with real GDP growing 1.6 percent, which matches the rate experienced in 2002 – the lowest rate since the last recession. That growth rate will depend in large measure on whether the consumer increases spending and business investment continues to expand, which will help offset the estimated 5.4 percent decline in residential construction.

According to data from the Center for Regional Analysis, George Mason University, the gross regional product (GRP) for the Washington Metropolitan area grew 3.4 percent in 2007, and is expected to grow 2.9 percent in 2008 and 3.5 percent in 2009. The Washington Coincident Index, which represents the current state of the region's economy, increased 0.2 percent in 2007 and has been essentially unchanged over the past three years. The Washington Leading Index, which estimates the performance of the regional economy six to eight months ahead, decreased 0.2 percent in 2007 and confirms the projected slowdown in the GRP for 2008.

Although at a slower pace, the Washington region continued to experience job growth. Between 2006 and 2007, the region's economy added an average of 48,000 new jobs which was significantly below the annual average of 70,000 new jobs created between 2004 and 2006. During this same period, the unemployment rate declined slightly from 3.12 percent in 2006 to 3.08 percent in 2007, one of the lowest among the nation's largest metropolitan areas.



Montgomery County experienced mixed economic activity during 2007. The primary reasons for the County's mixed performance were a continuation in the contraction of residential construction growth, a dramatic decline in home sales, and slowdown in consumer spending. Residential construction activity in the County experienced mixed results during 2007. While the number of projects was up slightly from the previous year, the value added was down for the second year in a row. Home sales in the County declined nearly 24 percent during the year compared to 2006. Although average housing prices continued to increase, they have decelerated dramatically to a 3.7 percent increase in 2007 compared to over 18 percent annually in 2004 and 2005. On the other hand, a number of economic indicators for the County remained resilient during this period. Foremost among the indicators was payroll employment and the low unemployment rate.

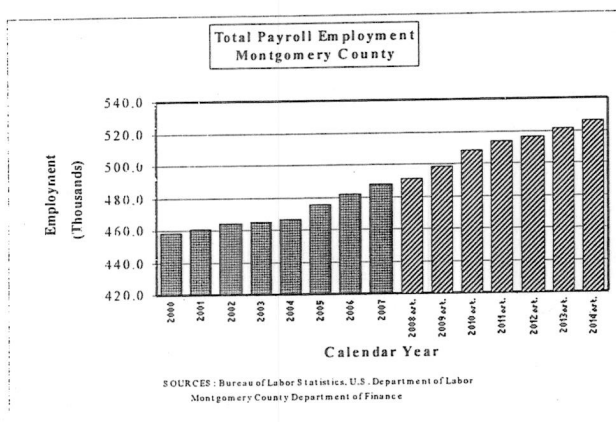
It is against this backdrop of weaker economic growth, a significant decline in home sales, and weak construction activity that the Department of Finance (Finance) estimates a slower pace of growth in employment in 2008, a slight deceleration in the growth of total personal income, and much lower yields on investment attributed to the policy of the Federal Reserve Board through calendar 2008.

Employment Situation

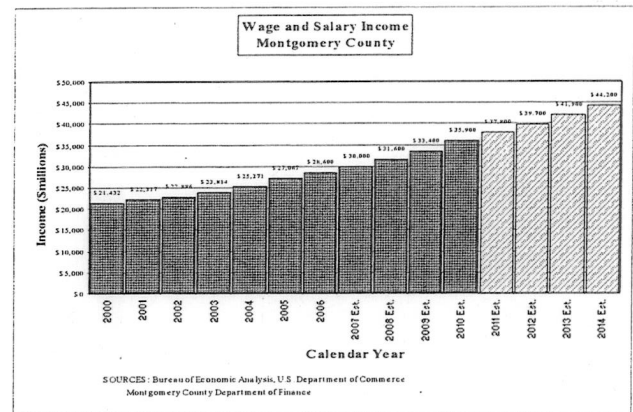
During the past ten years, total payroll employment in Montgomery County, which is based on the survey of establishments, has experienced three distinct cycles: significant growth from 1996 to 2000 of 3.5 percent per year, a period of weak growth between 2000 and 2004 with the average annual rate of 0.4 percent, and moderate employment growth between 2004 and 2007 of 1.5 percent per year. Finance assumes payroll employment to grow an average of 1.1 percent per year between 2007 and 2014. In terms of the number of jobs added to the County's total payroll employment, an average of 5,500 new jobs per year are added between 2007 and 2014, well below the average of 8,200 per year between 1996 and 2007.

Based on data derived by Finance, the County's businesses added over 6,000 jobs ($\uparrow 1.2\%$) in 2007. While payroll employment made modest gains during this period, data from the labor force series reported that employment based on place of residence rather than place of employment increased a meager 0.4 percent in 2007, or less than 2,000. While resident employment experienced lackluster growth, especially in the final quarter of 2007 when the County lost jobs compared to the same period in 2006, the unemployment rate for the County remained well below the State's average. For the entire year, the County's unemployment rate was 2.8 percent. The low unemployment rate also suggests that both the public and private sectors are providing a stable foundation against significant labor market volatility and that the County is close to full employment.

Based on this assessment of the employment situation in Montgomery County, the Department of Finance assumes that employment will grow only 0.7 percent in 2008 followed by an increase of 1.5 percent in 2009. However, the number of jobs is one indicator of the labor market in the County, the other important factor is the growth in wages and salaries.



From 2000 through 2007, average weekly wages are expected to increase from \$840 to \$1,167 – an average annual increase of 4.8 percent. Finance estimates that average weekly wages will increase from \$1,167 to \$1,562 by 2014 – an average annual increase of 4.2 percent. Finance assumes that wage and salary income is expected to grow 5.5 percent per year between 2007 and 2014, therefore, total wage and salary income is expected to reach \$44.2 billion dollars by 2014.



As a result of modest job growth and gains in wages and salaries, Finance assumes that total personal income grew 6.7 percent and 6.1 percent in 2006 and 2007, respectively. Total personal income is assumed to grow at an average annual rate of 5.3 percent between 2006 and 2014, which is lower than the ten-year average of 6.0 percent between 1996 and 2006.

Construction Activity

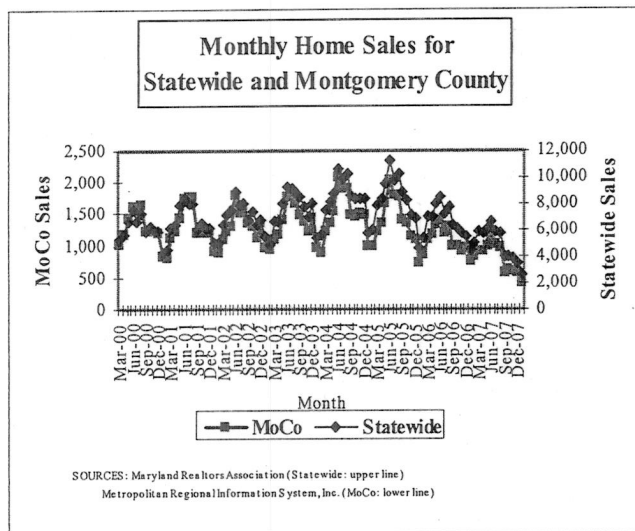
Construction is a cyclical activity that can have a significant effect on a local economy and employment owing to secondary and tertiary effects on construction supply and services industries. Starts and permits are key indicators of the near-term economic condition of the housing industry and are considered leading indicators for the local economy. Of lesser note, new single-family home sales and construction outlays are important indicators for monitoring the level of current investment activity. Construction starts measure initial construction activity as opposed to construction permits, which measure planned activity. However, starts and permits closely track each other and as such, a four-month moving average provides a more reliable indicator of the housing trend compared to month-to-month changes. Construction outlays are the value of new construction put in place. In contrast to information about permits and starts, outlays refer to actual construction rather than planned (permits) or initiated (starts) activity. The primary source of such data is McGraw-Hill Construction.

The value of new non-residential construction in the County added to the property tax base decreased 6.8 percent in calendar year 2007 from \$717.3 million to \$668.3 million. The decline in the value was led by the drop in commercial construction, which represented 61 percent of total non-residential construction. In 2006, the value of new commercial activity was \$451.2 million but by 2007, that value declined to \$407.8 million (19.6%). The value of other non-residential construction, which includes manufacturing, education and science, hospital and health treatment facilities, added to the property tax base decreased 2.1 percent in 2007 from \$266.2 million to \$260.5 million – the lowest added value since 2003.

Residential construction also decreased for the second consecutive year. The value of additional residential property declined 5.5 percent, which followed a decline of 7.9 percent in 2006. The value of new residential construction stood at \$675.0 million in 2007, which was significantly below the previous five-year average of \$729.3 million. Because of the high inventory-to-sales ratio for existing homes, Finance assumes that the value of new residential construction will decline in calendar year 2008 to the level experienced prior to the housing construction boom that began in 2001.

Residential Real Estate

Sales of existing homes in Montgomery County continued to decline significantly in sales but experienced a modest average house price appreciation in 2007. Home sales in Montgomery County declined 23.4 percent in 2007, which followed declines of 4.2 percent in 2005 and 20.5 percent in 2005. Despite the drop in sales, average home prices were up 3.9 percent for 2007, which followed increases of 16.6 percent, 13.2 percent, 18.3 percent, and 18.1 percent for 2002, 2003, 2004 and 2005, respectively. The large drop in sales was reflected in the dramatic increase in the inventory-to-sales ratio. For example, there was an increase in the ratio of one buyer to one seller in June 2005 to a ratio of one buyer to eight sellers by December 2007. After four consecutive years of double-digit price increases between 2002 and 2005, the average selling price increased 4.4 percent in 2006 and 3.9 percent in 2007 – the lowest increases since 1998.



Retail Sales

Using sales tax receipts as a measure of the level of retail sales for the County, purchases of durable and nondurable goods decreased 0.6 percent in 2007 compared to growth of 0.8 percent in 2006 and 4.1 percent in 2005. The sale of nondurable goods, which includes food and beverage, apparel, general merchandise, and utilities and transportation, increased 3.6 percent while purchases of durable goods were down 8.7 percent.

Sales of utilities and transportation (↑7.6%), food (↑4.1%) and general apparel (↑3.9%) led purchases of nondurable goods in 2007. Sales of hardware, machinery, and equipment (↑3.5%) purchases were the only positive category in durable goods.

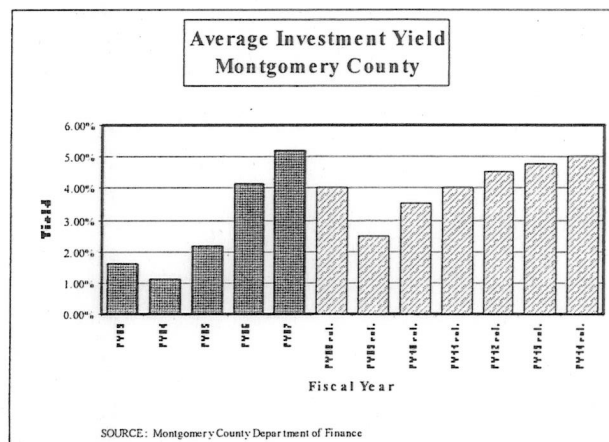
Consumer Prices and Inflation

As measured by the Consumer Price Index for All Urban Consumers (CPI-U), inflation in the Washington-Baltimore consolidated metropolitan statistical area was up 3.6 percent in the region in 2007 compared to 4.0 percent in 2005 and 3.6 percent in 2006. Finance assumes that inflation will continue to retreat from 3.6 percent to 3.3 percent in 2008 and below the 3 percent threshold over the following six years with an average inflation rate of 2.5 percent.

While overall consumer prices increased largely due to energy prices, the “core” inflation rate, which is the CPI excluding the volatile food and energy prices, increased 2.8 percent in 2007. That rate was slightly lower compared to the rate of 3.1 percent in 2006 and 3.2 percent in 2005.

Interest Rates

Since August 2007, the Federal Reserve Board, through its Federal Open Market Committee (FOMC), has cut the target rate for federal funds from 5.25 percent to 3.00 percent as of January 2008. Based on data from the Chicago Board of Trade’s Federal Funds futures market, Finance assumes that the FOMC will further cut the target rate through the remainder of FY08. As of February 2008, the futures market assumes that the FOMC may cut the target rate by 50 basis points in March and another 50 basis points by the end of fiscal 2008. Because of the draconian cuts in the federal funds rate since August, Finance estimates that the County will earn 4.00 percent for FY08. Beginning with FY09, the investment yields will decline to 2.50 percent but increase thereafter from 3.50 percent to 5.00 by fiscal year 2014.



REVENUE SOURCES

The major revenue sources for all County funds of the Operating Budget and the Public Services Program are described below. Revenue sources which fund department and agency budgets are included in the respective budget presentations. Six-year projections of revenues and resources available for allocation are made for all County funds. This section displays projections of total revenues available for the tax supported portion of the program. Tax supported funds are those funds subject to the Spending Affordability Guideline (SAG) limitations. The SAG limitations were designed and intended to provide guidance prior to the preparation of the recommended budget as to the level of expenditure that is affordable based on the latest revenue estimates.

The PSP also includes multi-year projections of non-tax supported funds. These funds represent another type of financial burden on households and businesses and, therefore, should be considered in determining the "affordability" of all services that affect most of the County's population. Projections for non-tax supported funds within County government are presented in the budget section for each of those funds. A proposed *Taxes and User Charges for an Average Homeowner* chart displays the total burden on the average household taxpayer and business including solid waste and water and sewer charges. This chart is found at the end of the chapter.

IMPACT ON REVENUES AND THE CAPITAL BUDGET

The use of resources represented in this section includes appropriations to the Operating Funds of the various agencies of the County as well as other resource requirements, such as current revenue funding of the Capital Budget, Debt Service, and Fund Balance (operating margin). These other uses, commonly called "Non-Agency Uses of Resources," affect the total level of resources available for allocation to agency programs. Some of these factors are determined by County policy; others depend, in part, on actual revenue receipts and expenditure patterns.

The level of PSP-related spending indirectly impacts the local economy and, hence, the level of County revenues. However, the effect on revenues from expenditures of the Executive's Recommended Operating Budget and PSP are expected to be minimal. The PSP also impacts revenues available to fund the Capital Budget. The revenue projections included in this section subtract projected uses of current revenues for both debt eligible and non-debt eligible capital investments. Therefore, the Executive's Recommended Operating Budget and PSP provide the allocations of annual resources to the Capital Budget as planned for in the County Executive's Recommended FY09-14 CIP (as of January 15, 2008). These allocations will vary because of adjustments to current revenues for

the CIP as part of the Executive's Recommended Operating Budget.

Prior Year Fund Balance

The prior year fund balance for the previous fiscal year is the audited FY07 closing fund balance for all tax supported funds. The current year fund balance results from an analysis of revenues and expenditures for the balance of the fiscal year. Prior year fund balance for future fiscal years is assumed to equal the target fund balance for the preceding year.

Net Transfers

Net transfers are the net of transfers between all tax supported and non-tax supported funds in all agencies. The largest single item is the transfer from the General Fund to Montgomery Housing Initiative to support the Executive's housing policy. The payment from the General Fund to the Solid Waste Disposal Fund for disposal of solid waste collected at County facilities is the next largest transfer to a non-tax supported fund. These are offset by transfers from non-tax supported funds, the largest of which is the earnings transfer from the Liquor Control Fund to the General Fund and the transfers for indirect costs from the non-tax supported funds. The level of transfers is an estimate based on individual estimates of component transfers.

Debt Service Obligations

Debt service estimates are those made to support the County Executive's Recommended FY09-14 Capital Improvements Program (as of January 15, 2008). Debt service obligations over the six years are based on servicing debt issued to fund planned capital projects, as well as amounts necessary for short-term and long-term leases. Debt service requirements have the single largest impact on the Operating Budget/Public Services Program by the Capital Improvements Program. The Charter-required CIP contains a plan or schedule of project expenditures for schools, transportation, and infrastructure modernization. Approximately 57 percent of the CIP is funded with G.O. bonds. Each G.O. bond issue used to fund the CIP translates to a draw against the Operating Budget each year for 20 years. Debt requirements for past and future G.O. bond issues are calculated each fiscal year, and provision for the payment of Debt Service is included as part of the annual estimation of resources available for other Operating Budget requirements. As Debt Service grows over the years, increased pressures are placed on other PSP programs competing for scarce resources.

In accordance with the County's Fiscal Policy, these obligations are expected to stay manageable, representing less than 10.0 percent of General Fund revenues. Maintaining this guideline ensures that taxpayer resources are not overextended during fiscal downturns and that services are not reduced over time due to increased Debt Service burdens.

The State authorizes borrowing of funds and issuance of bonds up to a maximum of 6.0 percent of the assessed valuation of all real property and 15.0 percent of the assessed value of all personal property within the County. The County's outstanding G.O. debt plus short-term commercial paper as of June 30, 2007, is 1.4 percent of assessed value, well within the legal debt limit and safely within the County's financial capabilities.

CIP Current Revenue and PAYGO

Estimates of transfers of current revenue and PAYGO to the CIP are based on the most current County Executive recommendations for the Capital Budget and CIP. These estimates are based on programmed current revenue and PAYGO funding in the six years, as well as additional current revenue amounts allocated to the CIP for future projects and inflation.

Revenue Stabilization

Mandatory contributions to the Revenue Stabilization Fund (Rainy Day Fund) are made if certain revenues increase above their budgeted projections and/or if projected revenue growth is stronger than in a selected historical period. Revenues include County Income Tax, Transfer Tax, General Fund Investment Income, and Recordation Tax excluding school CIP. The projection assumes that no mandatory transfer will be made to this fund at the end of FY08 leaving a fund balance of \$119.6 million, which is the result of lower than previously estimated transfer and recordation taxes, and investment income. Because of higher than expected revenue collections in ten of the eleven previous fiscal years (FY97-FY02 and FY04-FY07), in addition to the two discretionary transfers made in FY95 (\$10.0 million) and FY96 (\$4.5 million), the Revenue Stabilization Fund reached its maximum allowable fund size of \$119.6 million at the close of FY07 with a mandatory contribution of \$11.9 million.

Since the fund has reached more than half of its maximum fund size, interest earned from the fund must fund PAYGO expenditures in the CIP fund. The estimate of the interest in FY08 is \$4.8 million. A similar funding of PAYGO from earned interest was made in FY02 (\$2.2 million), FY03 (\$1.3 million), FY04 (\$1.1 million), FY05 (\$2.4 million), FY06 (\$4.7 million), and FY07 (\$6.2 million). Due to a projected growth in revenues, the maximum allowable fund size is projected at \$179.9 million by FY14. However, barring future discretionary or mandatory contributions to the fund, the fund will remain at the current \$119.6 million level through FY14.

Other Uses

This category is used to set aside funds for such items as possible legal settlement payments and other special circumstances such as set-aside of revenues to fund future years.

Reserves

The County will maintain total reserves for tax supported funds that include both an operating margin reserve and the Revenue Stabilization Fund (or "Rainy Day Fund"). For tax supported funds, the budgeted total reserve of the operating margin and the Revenue Stabilization Fund should be at least 6.0 percent of total resources (i.e., revenues, transfers, prior year undesignated and designated fund balance).

REVENUE ASSUMPTIONS

Projections for revenues are included in six-year schedules for County Government Special Funds and for Montgomery College, M-NCPPC, and WSSC in the relevant sections of this document. See the MCPS Budget Document for six-year projections of MCPS funds. Projections for revenues funding County government appropriations are provided to the Council and public as fiscal projections. Such projections are based on estimates of County income from its own sources such as taxes, user fees, charges, and fines, as well as expectations of other assistance from the State and Federal government. The most likely economic, demographic, and governmental policy assumptions that will cause a change in revenue projections are included in this section.

TAX REVENUES

Tax supported revenues come from a number of sources including but not limited to property and income taxes, real estate transfer and recordation taxes, intergovernmental revenues, service charges, fees and licenses, college tuition, and investment income. In order of magnitude, however, the property tax and the income tax are the most important with 45.7 percent and 43.7 percent, respectively, of the estimated total tax supported revenues in FY09. The third category is the combined real estate transfer and recordation taxes with a 4.9 percent share. In fact, these three revenue sources represent 94.2 percent of total tax supported revenues. Income and transfer and recordation taxes are the most sensitive to economic and, increasingly, financial market conditions. By contrast, the property tax exhibits the least volatility because of the three year re-assessment phase-in and the ten percent "homestead tax credit" that spreads out changes evenly over several years.

In the late 1990s and early 2000s, the property tax stood in the shadow of the income tax in terms of growth. In fact, in FY99 measured by General Fund revenues, the income tax surpassed the property tax for the first time as the largest tax source in the County. At the time, the low single-digit growth in property tax revenue was dwarfed by the double-digit growth in the income tax. But with all this explosive growth in the income tax also came considerable volatility. For that reason, it was a welcome sign to observe that the property tax – the most stable of all revenue sources – gained considerable ground at a time that the income tax experienced considerable weakness.

Because of adhering to the Charter Limit through tax rate cuts and income tax offset credit, the growth rates in property taxes were lower than would have been under current rates. As a result, FY09 marks the first year since FY99 in which the property tax returns to the position as the largest tax supported revenue source.

Property Tax

Total estimated FY09 tax supported property tax revenues of \$1,385.3 million are 14.5 percent above the revised FY08 estimate. Property tax revenues for FY09 are estimated based on the recommendation by the County Executive of a rate increase for all taxpayers and a rebate for owner-occupied residential properties. The general countywide rate recommended for FY09 is \$0.740 per \$100 of assessed real property, while a rate of \$1.850 per \$100 is levied on personal property. In addition to the general countywide tax rate, there are special district area tax rates. The 1990 Charter amendment (FIT) limits the growth in property tax revenues to the sum of the previous year's estimated revenue, increased by the rate of inflation, and an amount based on the value of new construction and other minor factors. This Charter limit, however, may be overridden by a super-majority vote of seven of the nine members of the County Council. Growth in the previous calendar year's CPI-U for the Washington-Baltimore Consolidated Metropolitan Statistical Area is used to measure inflation. Since reassessments are growing faster than the rate of inflation for the sixth consecutive year, current rates generate revenues that are above the Charter limit for FY09. The County Executive's proposal to recommend an income tax offset credit (rebate) and a rate increase reduces property tax revenues in FY09 by \$122.1 million below what the FY08 rates would have generated. As a result, property tax revenues in FY09 are reduced sufficiently to eliminate close to half of the variance between revenues at current rates and at the Charter Limit.

The countywide total property tax assessable base is estimated to increase 11.2 percent from a revised \$146.4 billion in FY08 to \$162.8 billion in FY09. The base is made up of real property and personal property. In FY09, the Department of Finance estimates real property of approximately \$158.8 billion with the remaining \$4.0 billion in personal property. The growth in the total property base has fluctuated significantly over time, with an average of 10.2 percent growth during the late 1980s and early 1990s, followed by considerable deceleration with base growth generally close to an average 3.0 percent between FY93 and FY99. In FY00, the total property tax base increased 2.8 percent and since that time, it has improved steadily reaching 13.4 percent by FY07. Reflecting changes in new construction and a dramatic pick-up in reassessments, the real property tax base is expected to grow a revised 13.3 percent in FY08 and 11.5 percent in FY09.

The real property base is divided into three groups based on their geographic location in the County. Each group is reassessed tri-annually by the State Department of

Assessments and Taxation (SDAT), which has the responsibility for assessing properties in Maryland. The amount of the change in the established market value (full cash value) of one-third of the properties reassessed each year is phased in over a three-year period. Declines in assessed values, however, are effective in the first year. Because of the different phase-ins of increases and declines during periods of modest reassessment growth, the reassessment cycle for a particular group may produce either no growth or a decline in the first year, followed by reassessment gains in the two subsequent years. Growth in reassessments for Group I, effective FY09, will increase 16.2 percent (14.6 percent for residential and 23.2 percent for commercial properties). That increase follows the growth in reassessments for Group I of 43.4 percent (44.2 percent for residential and 36.4 percent for commercial properties), Group III of 63.3 percent (70.4 percent for residential properties and 46.7 percent for commercial properties) in FY07, and an increase of 65.0 percent (69.3 percent for residential properties and 49.7 percent for commercial properties) for Group II in FY06. This also follows a 36.3 percent increase (47.0 percent for residential properties and 16.1 percent for commercial properties) for Group III in FY04 and 51.8 percent (55.5 percent for residential properties and 26.1 percent for commercial properties) for Group I in FY05. Those growth rates show a sharp improvement in recent years compared to the 1990s and early 2000s, and now exceed the high double-digit growth in reassessments observed during the late 1980s.

There is a ten percent annual assessment growth limitation for residential property that is owner-occupied. As a result of this "homestead tax credit," taxable reassessments in Montgomery County may not grow more than ten percent in any one year. Due to strong reassessment growth in the late 1980s and early 1990s, this assessment limitation credit topped the \$2.5 billion mark in FY92 (using the current 100 percent full cash value method). As growth in home prices decelerated in subsequent years, reassessments either declined or grew less rapidly. The homestead tax credit reflected this trend, with the total credit dropping steadily to \$48 million in FY01. However, as the real estate market rebounded in the County starting in the late 1990s, home prices rose at a faster clip causing a sharp increase in reassessments. This is reflected in an increase in the credit to \$1.33 billion in FY04, \$3.80 billion in FY05, \$8.47 billion in FY06, \$14.95 billion in FY07, \$21.46 billion in FY08, and an estimated \$24.10 billion in FY09, which is an all time record. The outlook for the remainder of the six-year forecast period is for the homestead tax credit to gradually decline from the peak in FY09 to FY14.

Decreases in the personal property base between FY04 and FY06 reflected the residual effects of weak labor market conditions that occurred between calendar years 2001 and 2003 and resulted in a lower number of new businesses and associated investments. This was exacerbated by tax law changes, including partial exemption of electricity generating equipment (energy

deregulation), other exemptions (e.g., manufacturing, Research and Development, and certain computer software), and new depreciation rules (e.g., for computer equipment). Personal property includes public utility equipment, business furniture and equipment, and computers. According to SDAT, the corporate personal property base is projected to increase 1.5 percent in FY09. The public utility portion, which is estimated to account for 38.4 percent of the personal property base in FY08, is projected to increase 1.6 percent in FY09.

The real property base of \$158.8 billion in FY09 is estimated to grow \$16.4 billion compared to a revised FY08 estimate, the result of \$1.6 billion in addition to the base from new construction, and \$17.4 billion in reassessments, offset by a \$2.6 billion rise in the homestead tax credit. The level of new reassessments in FY09 is the third highest in the County and represents substantial growth in the property tax base. Construction is projected to increase modestly in FY09, then is expected to gradually increase over the next five fiscal years reaching \$1.7 billion by FY14. Similarly, reassessments remain the largest contributor to the base growth during this six-year forecast period. Reflecting a three-year phase-in of 16.2 percent reassessment growth for Group II followed by a 10.3 percent for Group III in FY10 (levy year 2009) and 11.8 percent for Group I in FY11 (levy year 2010). As a result of these decelerating trends, growth in the total assessable base is projected to steadily moderate to 9.4 percent by FY10 and 8.1 percent by FY11.

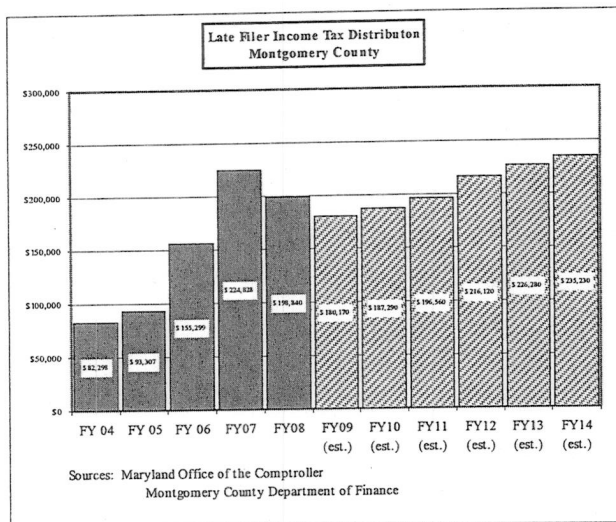
Income Tax

Estimated FY09 income tax revenues of \$1,325.4 million are 3.1 percent above the revised FY08 estimate.

Growth slowed during the early part of the decade reflecting moderation in the trend attributed to very weak growth in County employment – an average annual growth rate of 0.5 percent between calendar years 2001 and 2003. For example, adjusted for the rate cut, the percent change in withholdings and estimated payments declined steadily from a peak of 10.5 percent in tax year 2000 to an annual average growth rate of 0.9 percent between tax years 2001 and 2003. However, since 2003 withholdings and estimated payments rebounded with an increase of 10.5 percent in 2004, 5.0 percent in 2005, 13.4 percent in 2006, and 13.0 percent in 2007.

Since, during any one fiscal year, the County receives income tax distributions pertaining to, at least, three different tax years, it is important to analyze the data on a tax year basis. During the 1990s, average annual tax liability grew considerably slower in the first half (7.5 percent) of the decade compared to the second half (10.4 percent). During the second half of the 1990s, quarterly income tax distributions grew rapidly, with ten percent growth rates in the years 1997 through 1999. However, such growth decelerated rapidly to only 6.8 percent in

2000, 1.1 percent in 2001, 1.4 percent in 2002, and 0.3 percent in 2003. However, with an economic and stock market rebound and the County Council raising the local tax to the maximum rate of 3.2 percent, effective tax year 2004, revenues from withholdings and estimated payments increased 19.9 percent, 5.0 percent in 2005, 13.4 percent in 2006, and 13.0 percent in 2007. In addition to the quarterly distributions that represent withholdings and estimated payments, receipts from late filers who had underestimated their tax liability jumped to unprecedented levels during the late 1990s and 2000. For example, while a total of only \$37.0 million was received for tax year 1990, that amount gradually increased and peaked at \$192.4 million in 2000, but fell sharply in the two subsequent years to \$98.0 million by 2002. Since that time, revenues from later filers have rebounded dramatically reaching \$127.0 million in 2003, \$183.0 million in 2004, \$227.9 million in 2005, but declined to \$198.9 million in 2006. As taxpayers underestimate their tax liability from, generally, non-employment related earnings, additional payments are made when tax returns are filed. Taxpayers with more complicated tax returns, reflecting significant non-employment related earnings such as stock options and capital gains (from either the stock market or real estate), increasingly file for an extension. However, recent federal tax law now allows a taxpayer to get a six-month extension rather than a four-month extension with a request for an extra two months. Since taxpayers now file for one extension (through October 15th), income tax receipts from late filers are distributed to the County in November and January. These late filer distributions reflect significant shifts in one-time tax liability and, thus, represent the most volatile component of the income tax. Even though, in aggregate, this tax liability may continue to shift over a longer period of time, the shift remains one-time in the sense that tax liability changes as a result of the one-time exercise of a stock option or sale of stock at a price that is different from the original issuance or purchase and more recently gains from the home sales. Once that action has been taken, gains (or losses) are recognized, with no addition to future tax liability. By contrast, employment growth is an addition to the base that increases tax liability through wage growth in future years and is, thus, a more predictable indicator of future revenue growth.



In the 2007 Special Session, the Maryland General Assembly enacted the Tax Reform Act of 2007 which made major changes to the income tax law effective January 1, 2008. Major changes to the income tax established new tax rates and rate brackets and new exemption amounts. The new tax rates range from 2 percent for the lowest taxable income brackets (<\$1,001) to 5.5 percent for the highest taxable income (>\$500,000). The second major change established new exemption amounts ranging from \$2,400 for incomes at or below \$175,000 for taxpayers filing joint, surviving spouse, and head of household returns, (at or below \$125,000 for other taxpayers) to \$600 for incomes in excess of \$250,000 for taxpayers filing joint, surviving spouse. Because of the changes to the exemptions, the State estimated that the County may lose income tax revenues from the County's income tax. Finance assumed that the new law will have little affect on County income tax revenues in FY08 but adjusted its estimate in FY09 based on data provided by the State.

Transfer and Recordation Taxes

Estimated FY09 revenues of \$149.0 million, which excludes the school CIP portion, condominium conversions, and recordation taxes from home sales above \$500,000, are 11.6 percent above the revised FY09 estimate. This reflects an FY09 estimate of \$80.9 million in the transfer tax and \$68.1 million in the recordation tax, of which \$12.6 million is attributed to the recent enactment of new legislation by the Maryland General Assembly regarding the taxation of controlling interest. Transfer and recordation tax revenues have fluctuated greatly over time and primarily reflect shifting trends in the real estate market. In FY07, 87.1 percent of transfer tax revenue came from the residential sector compared to 87.7 percent in FY04, 85.5 percent in FY05, and 83.6 percent in FY06. The transfer tax rate is generally one percent of the value of the property transferred to a new owner. This applies to both improved (i.e., building) and unimproved (i.e., land) residential and

commercial properties. The recordation tax is levied when changes occur in deeds, mortgages, leases, and other contracts pertaining to the title of either real or personal property. Through FY02 the recordation tax was generally \$4.40 per \$1,000 of the value of the contract (0.44%). Beginning in FY03, the recordation tax rate was raised to \$6.90 per \$1,000 of the value of the contract with the first \$50,000 of the consideration exempted from the tax for owner-occupied residential properties (0.69%). The Council earmarked the revenues attributed to the rate increase for school capital programs. Generally, both transfer and recordation taxes are levied when properties are sold. In a few cases, only one of the two taxes is levied. One example is refinancing of a mortgage, in which case there may be an increase in the mortgage amount and, hence, recordation tax, but since there is no transfer of property, there is no transfer tax. Beginning March 1, 2008, the Council also levied an additional recordation tax (premium) of 0.31 percent on the sale of homes above \$500,000. The revenues collected from this rate are allocated to the rental assistance program (50%) and school construction (50%).

Residential transfer tax revenues are affected by the trends in real estate sales for existing and new homes. Real estate sales, in turn, are highly correlated with specific economic indicators such as growth in employment and wages and salaries, formation of households, mortgage lending conditions, and mortgage interest rates. The same holds true for the commercial sector, which is equally affected by business activity and investment, office vacancy rates, and financing costs. The volatility in revenues from transfer and recordation taxes is best illustrated in the trend since FY99. The growth rate in the number of residential transfers slowed to 7.5 percent in FY00 when the number of residential transfers peaked at nearly 22,000, decreased 4.5 percent in FY01 (21,005), increased 12.5 percent in FY02 (23,633), decreased 3.7 percent in FY03 (22,771), increased 9.3 percent in FY04 (24,897), increased modestly to 3.8 percent in FY05 (25,852), but declined 7.9 percent in FY06 (23,803) and declined 22.8 percent in FY07 (18,389). While the number of residential transfers exhibited significant volatility since FY99, the acceleration in home prices during FY04, FY05, and FY06 had a significant effect on revenues and partially offset the volatility in the number of transfers especially in FY06. Due to the strong demand for new and existing homes, property values increased such that total transfer taxes from the residential sector increased 29.6 percent in FY04, 20.3 percent in FY05, and 6.5 percent in FY06.

However, conditions in the real estate market for Montgomery County began to weaken in the latter part of FY06 and deteriorated further in FY07. Because home sales declined 23.4 percent during calendar year 2007 and are projected to decline an additional 9.4 percent during calendar year 2008, Finance assumes that the number of residential transfers will decline 27.0 percent in FY08 followed by another decrease of 12.1 percent in FY09. Because of the projected decline in the number of transfers

and a slowdown in price appreciation, revenues from the residential portion of the transfer tax are expected to decrease 23.8 percent in FY08 and 8.4 percent in FY09.

At the same time that revenues from the residential portion of the transfer tax experienced significant growth since FY99, revenues from non-residential properties experienced a more medium-term cyclical pattern that began in FY99. Beginning in FY99, revenues from non-residential property (excluding farms and rezoning) declined for three consecutive years: 36.2 percent in FY99, 2.6 percent in FY00, and 17.3 percent in FY01. However, based on a healthy commercial boom since FY01, non-residential transfer taxes recovered in FY02 (↑3.0%), FY03 (↑18.6%), FY04 (↑33.9%), FY05 (↑48.5%) and FY06 (↑13.4%). By contrast, in FY07 revenues from non-residential properties declined 49.2 percent and projected to decrease another 23.4 percent in FY08, before rebounding in FY09.

Recordation tax revenues (excluding the school CIP portion) generally track the trend in transfer tax revenues. More recently, the relationship increased to 99 percent of transfer tax in FY04, declined slightly to 95 percent in FY05, but increased to 97 percent in FY06 and 99 percent in FY07. Revenues from the recordation tax increased 35.7 percent in FY02, 17.7 percent in FY03, 27.8 percent in FY04, 13.8 percent in FY05, and 9.8 percent in FY06, but declined 24.5 percent in FY07. The current estimate for FY08 reflects a decrease of 29.1 percent reaching \$51.6 million, although conditions are expected to improve in the next year resulting in an increase of 7.6 percent in FY09 to \$55.5 million. Even with the estimated modest increase in FY09, revenues from the recordation tax are expected to be the second lowest since FY02 (\$51.2 million). The combined transfer and recordation taxes are projected to reach \$136.4 million in FY09, excluding revenues for school construction, the second lowest since FY02 (\$132.1 million).

Energy Tax

Estimated FY09 revenues of \$121.6 million are 1.8 percent above the revised FY08 estimate. The fuel-energy tax is imposed on persons transmitting, distributing, manufacturing, producing, or supplying electricity, gas, steam, coal, fuel oil, or liquefied petroleum gas. Different rates apply to residential and nonresidential consumption and to the various types of energy. Effective FY04, the previous rate schedule was increased threefold by the County Council on May 14, 2003. The rate schedule was changed again on May 20, 2004, with rates increasing 52.15 percent for FY05 and thereafter. Since the rates per unit of energy consumed are fixed, collections change only with shifts in energy consumption and not due to changes in the price of the energy product. Based on partial fiscal year data, Finance assumes that residential consumption as a percentage of total energy consumption will remain at 46.4 percent. Due to a different rate schedule, the share of receipts from residential users is approximately 26.4 percent of total

collections, with the larger share received from the non-residential sector. Measured for all energy types, the two largest sources of revenues in FY07 were electricity (78.6%) and natural gas (19.6%). Since actual collections vary with weather conditions, a harsh winter weather increases usage of electricity, natural gas, and heating oil, while milder summer weather reduces electricity usage for climate control systems. The impact of weather patterns is partly offset by an expansion of the user base with more businesses and households. With a continuation of the "mild weather" pattern for the next fiscal year, the budget estimate for FY09 is projected to increase 1.8 percent.

Telephone Tax

Estimated FY09 revenues of \$30.9 million are 2.7 percent above the revised FY08 estimate. The telephone tax is levied as a fixed amount per landline and per wireless line. The tax on a traditional landline is \$2.00 per month, while multiple business lines (Centrex) are taxed at \$0.20 per month. The tax rate on wireless lines is \$2.00 per month. With business expansion combined with a surge in new home sales in the County in FY00 and FY01, and an increased demand for second phone lines for computer access to the internet, collections from the telephone tax grew 12.0 percent in FY00 and 4.1 percent in FY01. With the slowdown in the local economy during FY02 and FY03 and alternative computer internet access, collections declined 5.8 percent and 8.6 percent, respectively. Assuming modest growth in businesses and households, revenues are expected to increase 2.7 percent in FY09 to \$30.9 million primarily due to an increase in cellular telephones. Reflecting, in part, modest growth in new household and business formations, the outlook for FY10 through FY14 is for revenues from wireless communication to increase at a slower rate attributed to a deceleration in the rate of household formations and a growing saturation of the market for wireless devices while the number of landlines are expected to experience little growth in FY09.

Hotel/Motel Tax

Estimated FY09 revenues of \$19.9 million are 9.7 percent above the revised FY08 estimate. The hotel/motel tax is levied as a percentage of the hotel bill. The current tax rate of 7 percent in FY08 is also assumed for FY09. In FY97, the rate was increased from 5 percent to 7 percent with the increase earmarked for funding the Montgomery County Conference Center located in North Bethesda. Collections grow with the costs of hotel rooms and the combined effect of room supply and hotel occupancy rate in the County. Occupancy rates in the County are generally the highest in the spring (April and May) and autumn (September and October) as tourists and schools visit the nation's capital for such events as the Cherry Blossom Festival and school trips, while organizations often schedule conferences during such periods. During peak periods, many visitors to Washington, D.C. use hotels in the County, especially those in the upcounty area where rates are generally lower

than in the District. Reflecting improved economic conditions during the mid and late 1990s and the presidential primaries and presidential inauguration during 2000 and early 2001, respectively, spurred both business travel and tourism, hotel occupancy rates grew from 67.1 percent in FY96 to a record high 72.1 percent in FY01 declining to 64.2 percent in FY07. The second component – average room rate – grew at an average annual rate of 4.3 percent between FY95 and FY07 to a record \$128.18. The third component that makes up revenues – room supply – grew at an average annual rate of 1.7 percent from FY95 to FY07. As a result, total hotel revenues more than doubled between FY95 and FY07 to over \$17.4 million.

The average occupancy rate is expected to increase from a revised 64.8 percent in FY08 to 70.1 percent in FY09, attributed to the Presidential Inauguration. Room rates are expected to climb to \$135 as a countywide average, resulting in 9.7 percent growth in the hotel/motel tax in FY09 which follows an estimate of 3.6 percent growth in FY08. Long-term estimates are tied to projected room occupancy and rate increases, partially reflecting the forecast of inflation and population growth that result in annual projected revenues through FY14 in the \$20.4 million and \$26.1 million range. The Montgomery County Conference and Visitors Bureau is funded, in part, through a 3.5 percent share of the hotel/motel tax.

Admissions Tax

Estimated FY09 revenues of \$2.4 million are 2.6 percent above the revised FY08 estimate. Admissions and amusement taxes are State-administered local taxes on the gross receipts of various categories of amusement, recreation, and sports activities. Taxpayers are required to file a return and pay the tax monthly while the County receives quarterly distributions of the receipts from the State. Montgomery County levies a seven percent tax, except for categories subject to State sales and use tax, where the rate is five percent. Such categories include rentals of athletic equipment, boats, golf carts, skates, skis, horses; and sales related to entertainment. Gross receipts are exempt from the County tax when a Municipal admissions and amusement tax is in effect. For FY07, coin and non-coin-operated amusement devices accounted for 23.8 percent of total collections, while other major categories include golf green fees, driving ranges and golf cart rentals (29.4%), and motion picture theaters (27.0%). Revenue growth for the period FY10 through FY14 is expected to range between 2.0 percent and 2.1 percent, reflecting modest population growth and rising inflation.

NON-TAX REVENUES

Non-tax revenues throughout all tax supported funds (excluding Enterprise Funds, such as Permitting Services, Parking Districts, Solid Waste Disposal, and Solid Waste Collection Funds) are estimated at \$758.4 million in FY09. This is a \$10.9 million decrease, or -1.4 percent, from the revised FY08 estimate, reflecting decreases in

intergovernmental revenues (↓3.8%) and investment income (↓42.5%). Non-tax revenues include: intergovernmental aid; investment income; licenses and permits; user fees, fines, and forfeitures; and miscellaneous revenues, the largest of which is rental property income.

General Intergovernmental Revenues

General Intergovernmental Revenues are received from the State or Federal governments as general aid for certain purposes, not tied, like grants, to particular expenditures. The majority of this money comes from the State based on particular formulas set in law. Total aid is specified in the Governor's annual budget. Since the final results are not known until the General Assembly session is completed and the State budget adopted, estimates in the March 15 County Executive Recommended Public Services Program are, generally, based on the Governor's budget estimates for FY09, unless those estimates assume a change in existing law. If additional information on the State budget is available to the County Executive, this information will be incorporated into the budgeted projection of State aid. For future years, it is difficult to know confidently how State aid policy may change. The projection does not assume that State aid formulas will necessarily remain in place. It is assumed that State aid will increase with either the projected rate of inflation, by an amount based on the projected increase in County population, or a combination of those two factors. The Recommended Budget for FY09 assumes a \$22.4 million, or 3.8 percent, decrease in Intergovernmental Revenues from the revised FY08 estimate, of which 70.8 percent is allocated to the Montgomery County Public Schools, 7.0 percent to Highway User Revenue, 4.9 percent to Mass Transit, and 5.8 percent to Montgomery College. The overall decrease is attributed to the reclassification of \$32.6 million in social services revenue from the General Fund to the Grant Fund. Total Intergovernmental Aid is estimated to total \$563.9 million in FY09 or 74.4 percent of all non-tax revenues.

Licenses and Permits

Licenses and permits include General Fund business licenses (primarily public health, traders, and liquor licenses) and non-business licenses (primarily marriage licenses and Clerk of the Court business licenses). Licenses and permits in the Permitting Services Enterprise Fund, which include building, electrical, and sediment control permits, are Enterprise Funds and thus not included in tax supported projections. The Recommended Budget for FY09 assumes a 13.6 percent increase over the revised projections for FY08, resulting in \$12.9 million in available resources in FY09.

Charges for Services (User Fees)

Excluding intergovernmental revenues to Montgomery County public schools and college tuition, charges for services, or user fees, is the largest non-tax revenue source, especially when Enterprise Funds such as Solid

Waste Collection, Solid Waste Disposal, Liquor Fund, M-NCPPC user fees, MCPS food service sales, and parking revenues are considered. Tax supported fee revenues come primarily from fees imposed on the recipients of certain County services including mass transit, human services, and recreation services and are included in the tax supported funds. Without rate increases, these revenues tend to show little growth although there is some variance because of weather, population changes, the economy, and changes in commuting patterns. However, it is the policy of the County to increase rates or fees to keep up with inflation. It is not always possible to achieve this goal for each fee, either because of market competition or because prices normally rise in rounded steps. The long-term estimates assume that rates will rise. The Recommended Budget for FY09 assumes 19.3 percent growth over the revised projections for FY08, resulting in \$59.2 million in available resources in FY09.

Fines and Forfeitures

Revenues from fines and forfeitures relate primarily to photo red light citations, speed camera citations, and library and parking fines (excluding the County's four Parking Districts). The Recommended Budget for FY09 assumes that fines and forfeitures will increase 25.5 percent over the revised estimates for FY08, resulting in \$25.9 million in available resources in FY09.

College Tuition

Although College tuition is no longer included in the County Council Spending Affordability Guideline Limits (SAG), it remains in the tax supported College Current Fund. Calculation of the aggregate operating budget is under the SAG Limits. Tuition revenue depends on the number of registered students and the tuition rate. The Recommended Budget for FY09 assumes an increase of 7.9 percent over the revised projections for FY08 resulting in \$68.6 million in available resources in FY09.

Investment Income

Investment income includes the County's pooled investment and non-pooled investment and interest income of other County agencies and funds. The County operates an investment pool directed by an investment manager who invests all County funds using an approved, prudent investment policy as a guide. The pool includes funds from tax supported funds as well as from Enterprise Funds, municipal taxing districts, and other governmental agencies. Two major factors determine pooled investment income: (1) the average daily investment balance which is affected by the level of revenues and expenditures, fund balances, and the timing of bond and commercial paper issues; and (2) the average yield percentage which reflects short-term interest rates and may vary considerably during the year.

The revised FY08 estimate of pooled investment income of \$40.0 million assumes a 4.00 percent yield on equity and an average daily balance of \$999.7 million. The FY09

projected estimate of \$25.9 million assumes a dramatic decline to a 2.50 percent yield but a higher average daily balance of \$1,037.7 million. Reflecting robust growth in revenues in the second half of the 1990s, the amount of available funds for investments, measured by the daily cash balance, doubled between FY93 (\$437 million) and FY00 (\$890 million). As a result of weak economic and revenue conditions starting in 2001, the cash balance declined from \$890 million to \$566 million between FY00 and FY04. Because of the improvement in economic and revenue outlook, the cash balance rebounded to \$710 million in FY05, \$884 million in FY06, and \$930.5 million in FY07. Using current revenue projections, the daily cash balance is expected to grow from \$930.5 million in FY07 to \$1,250.5 million by FY14. Yields have fluctuated significantly over time. When the Fed tightened monetary policy in 1999 and 2000, yields jumped to 6.7 percent in the latter part of 2000 – a ten-year high. On a fiscal year basis, yield rates increased to 6.2 percent in FY01. However, as the economy weakened significantly in calendar year 2001, the Federal Open Market Committee (FOMC) of the Federal Reserve initiated an aggressive monetary policy and cut the federal fund interest rate 13 times, reducing the rate from 6.5 percent at the onset of 2001 to just 1.0 percent by June 2003 – the lowest level since 1958. Not surprisingly, investment income yields followed interest rates on their downward trend, with the yield falling from 6.6 percent in December 2000 to 1.5 percent in December 2002. This 84 percent drop (or 554 basis points) in yield is the main reason for the 87 percent drop in investment income between FY00 and FY04. However, beginning in June 2004, the FOMC began to raise interest rates at a measured pace such that between June 2004 and June 2006, the target rate on federal funds increased from 1.0 percent to 5.25 percent. Since August 2007, the FOMC has reduced the target rate for federal funds from 5.25 percent to 3.00 by the end of January 2008. As such, the revisions to FY08 estimate for pooled investments was revised downward to incorporate the 225 basis points (bps) drop in the federal fund rates and the federal funds futures market expects another rate cut of between 50 and 75 bps in March 2008. By December 2009, Finance assumes that the federal funds rate may be as low as 2.00 percent.

Other Miscellaneous

The County receives miscellaneous income from a variety of sources, the largest of which are rental income for the use of County property, operating revenue from the Conference Center, prior year encumbrance liquidations, abandoned vehicle auctions, and other revenues from current fund. These five categories make up 67.2 percent of the total \$13.3 million projected for FY09. The projection for subsequent fiscal years assumes growth at the rate of inflation.

PSP Fiscal Policy

INTRODUCTION

Definition and Purpose of Fiscal Policy

Fiscal policy corresponds to the combined practices of government with respect to revenues, expenditures, and debt management. Fiscal planning, generally done within the context of the Public Services Program (PSP)/Operating Budget and the Capital Improvements Program (CIP)/Capital Budget, reflects and helps shape fiscal policy.

The budget process not only reflects those fiscal policies currently in force, but is itself a major vehicle for determining and implementing such policies. The fiscal policy statements presented on the following pages are not static. They evolve as the economy and fiscal environment change and as the County population and requirements for government programs and services change.

The purposes of fiscal policy for the PSP/Operating Budget are:

- **Fiscal Planning for Public Expenditures and Revenues.** Fiscal policy provides guidance for good public practice in the planning of expenditures, revenues, and funding arrangements for public services. It provides a framework within which budget, tax, and fee decisions should be made. Fiscal policy provides guidance toward a balance between program expenditure requirements and available sources of revenue to fund them. Fiscal planning considers long-term trends and projections in addition to annual budget planning.
- **Setting Priorities Among Programs.** Clearly defined and quantified fiscal limits encourage setting priorities by government managers and elected officials, thus helping to ensure that the most important programs receive relatively more funding.
- **Assuring Fiscal Controls.** Fiscal policies relating to County procurement of goods and services, to payment of salaries and benefits, to debt service, and to other expenditures are all essential to maintaining control of government costs over time.

Organization of this Section

Following are the major fiscal policies currently applied to the PSP/Operating Budget and financial management of Montgomery County (see the Recommended CIP for policies that relate more directly to the CIP). Numerous other fiscal policies that relate to particular programs or issues are not included here but are believed to be consistent with the guiding principles expressed below.

The presentation of fiscal policies is in the following order:

- Policies for fiscal control

- Policies for expenditures and allocation of costs
- Policies for debt management
- Policies for governmental management
- Policies for revenues and program funding
- Fiscal policy for user fees and charges
- Framework for fiscal policy

FISCAL CONTROL POLICIES

Balanced Budget

It is the fiscal policy of Montgomery County to balance the budget. No deficit may be planned or incurred.

Budgetary Control

The County will exercise budgetary control (maximum spending authority) over Montgomery County government through County Council approval of appropriation authority within each department and special fund in three categories: Personnel Costs, Operating Expenses, and Capital Outlay; over the Montgomery County Public Schools and Montgomery College through appropriations in categories set forth by the State; over the County's portion of the Maryland-National Capital Park and Planning Commission (M-NCPPC) activities through approval of work programs and budgets; and over the Washington Suburban Transit Commission through appropriation of an operating contribution.

Budgetary control over the Washington Suburban Sanitary Commission (WSSC) is exercised following joint review with Prince George's County through approval of Operating and Capital Budgets, with recommended changes in sewer usage charges and rates for water consumption.

Budgetary control over the Housing Opportunities Commission (HOC) and the Montgomery County Revenue Authority is limited to approval of their capital improvements programs and to appropriation of an operating contribution to the Housing Opportunities Commission.

Financial Management

The County will manage and account for its Operating and Capital Budgets in accordance with Generally Accepted Accounting Principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB).

Basis of Budgeting/Accounting Method

The County's basis of accounting used in the preparation and presentation of its Comprehensive Annual Financial Report (CAFR) is consistent with GAAP for governments.

The County maintains its accounting records for tax supported budgets (the General Fund, special revenue funds, and

Capital Projects fund supported by general tax revenues) and permanent funds on a modified accrual basis, with revenues recorded when available and measurable, and expenditures recorded when the services or goods are received and the liabilities are incurred. Accounting records for proprietary funds and fiduciary funds, including private-purpose trust funds, are maintained on the accrual basis, with all revenues recorded when earned and expenses recorded at the time liabilities are incurred, without regard to receipt or payment of cash. Agency funds are also accounted for on the full accrual basis of accounting.

The County's basis of budgeting for tax supported and proprietary and trust fund budgets is consistent with the existing accounting principles except as noted below.

- The County does not legally adopt budgets for trust funds.
- The County legally adopts the budgets for all enterprise funds.
- For the Motor Pool and Central Duplicating Internal Service Funds, the appropriated budgets for those funds are reflected in the appropriated budgets of the operating funds (General Fund, special revenue funds, etc.) that are charged back for such services, and in a reappropriation of the prior year's Internal Service Fund fund balance. For the Liability and Property Coverage Self-Insurance and Health Self-Insurance Internal Service Funds, appropriation exists both in a separate legally adopted budget for each fund, and in the appropriated budgets of the operating departments that are charged back for such services.
- Debt service payments and capital outlay are included in the operating budgets of proprietary funds.
- Proprietary fund budgets do not include depreciation and amortization, and bad debts.
- The County budgets certain capital lease payments in tax supported funds; however, these lease costs are reclassified to the Debt Service fund for accounting purposes.
- The County does not budget for the retirement of Commercial Paper Bond Anticipation Notes (BANs) through the issuance of general obligation bonds.
- Certain amounts, such as those relating to the purchase of new fleet vehicles and certain inter-fund services such as permitting and solid waste services, are budgeted as fund expenditures but are reclassified to inter-fund transfers for accounting purposes.
- Year-end GAAP incurred but not reported (IBNR) amounts in the self-insurance internal service funds are not budgeted; any such adjustments to IBNR claims reserve as of year-end are incorporated into the budget preparation process of the following fiscal year.
- Proprietary fund budgets include a phased-in portion of the 2008 annual required contribution to pre-fund retiree

health insurance benefit costs; however, certain pre-funded retiree health insurance related costs in the proprietary funds and General Fund may be reclassified for accounting purposes.

- Proceeds from debt issued specifically for Montgomery Housing Initiative (MHI) affordable housing/property acquisition is classified as a resource in the MHI fund.

Internal Accounting Controls

The County will develop and manage its accounting system to provide reasonable assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. "Reasonable assurance" recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

Audits

The County will ensure the conduct of timely, effective, and periodic audit coverage of all financial records and actions of the County, its officials, and employees in compliance with local, State, and Federal law.

POLICIES FOR EXPENDITURES AND ALLOCATION OF COSTS

Content of Budgets

The County will include in the Operating Budget all programs and facilities which are not included in the Capital Improvements Program. There are three major impacts of the Capital Improvements Program (CIP) on Operating Budgets: debt service, current revenues applied to the CIP for debt avoidance or for projects which are not debt-eligible; and presumed costs of operating newly opened facilities. Please refer to the Capital Improvements Program (CIP) section in this document for more detail.

Expenditure Growth

The Charter (Section 305) requires that the County Council annually adopt and review spending affordability guidelines for the Operating Budget, including guidelines for the aggregate Operating Budget. The aggregate Operating Budget excludes Operating Budgets for: enterprise funds; grants; tuition and tuition-related charges of Montgomery College; and the Washington Suburban Sanitary Commission. County law implementing the Charter requires that the Council set expenditure limits for each agency, as well as for the total, in order to provide more effective guidance to the agencies in the preparation of their budget requests.

Spending affordability guidelines for the Capital Budget and Capital Improvements Program are adopted in odd-numbered calendar years. They have been interpreted in

subsequent County law to be limits on the amount of general obligation debt and Park and Planning debt that may be approved for expenditure for the first and second years of the CIP and for the entire six years of the CIP.

Any aggregate budget that exceeds the guidelines then in effect requires the affirmative vote of seven councilmembers for approval.

The Executive advises the Council on prudent spending affordability limits and makes budget recommendations for all agencies consistent with realistic prospects for the community's ability to pay, both in the upcoming fiscal year and in the ensuing years.

Consistent with the Charter (Section 302) requirement for a six-year Public Services Program, the Executive continues to improve long-range displays for operating programs.

Allocation of Costs

The County will balance the financial burden of programs and facilities as fairly as possible between the general taxpayers and those who benefit directly, recognizing the common good that flows from many public expenditures, the inability of some citizens to pay the full costs of certain benefits, and the difficulty of measuring the relationship between public costs and public or private benefits of some services.

Tax Duplication Avoidance

In accordance with law, the County will reimburse those municipalities and special taxing districts which provide public services that would otherwise be provided by the County from property taxes.

Expenditure Reduction

The County will seek expenditure reductions whenever possible through efficiencies, reorganization of services, and through the reduction or elimination of programs, policies, and practices which have outlived their usefulness. The County will seek inter-agency opportunities to improve productivity.

Shared Provision of Service

The County will encourage, through matching grants, subsidies, and other funding assistance, the participation of private organizations in the provision of desirable public services when public objectives can be more effectively met through private activity and expertise and where permitted by law.

Public Investment in Infrastructure

The County will, within available funds, plan and budget for those facilities and that infrastructure necessary to support its economy and those public programs determined to be necessary for the quality of life desired by its citizens.

Cost Avoidance

The County will, within available funds, consider investment in equipment, land or facilities, and other expenditure actions, in the present, to reduce or avoid costs in the future.

Procurement

The County will make direct or indirect purchases through a competitive process, except when an alternative method of procurement is specifically authorized by law, is in the County's best interest, and is the most cost-effective means of procuring goods and services.

Use of Restricted Funds

In order to align costs with designated resources for specific programs or services, the County will generally first charge expenses against a restricted revenue source prior to using general funds. The County may defer the use of restricted funds based on a review of the specific transaction.

DEBT MANAGEMENT POLICIES

Debt Management

The County will minimize debt service costs through the judicious use of available debt instruments, consistent with the desirability of maintaining stable current tax rates and distributing the costs of certain long-lived facilities among all users, present and future.

General Obligation Debt Incurred

The County will limit the amount of new general obligation debt it will plan for and issue in any six-year period to that which can be fully supported by its revenues under conservative fiscal and economic projections and which will reasonably assure retention of the County's highest credit rating (AAA) in national debt markets. Capital Improvements Program expenditures funded by County general obligation bonds and Park and Planning bonds are subject to spending affordability limits set by the County Council.

Revenue Bonds

Debt may be incurred, as authorized by law, based on the pledge of particular revenues to its repayment, in contrast to general obligation debt, which pledges general tax revenues. Revenue-based debt carries a higher interest rate but allows a direct relationship between the cost of a project and the users who benefit from it.

Lease Revenue Bonds

Debt or other financing instruments may be issued on behalf of the County by other governmental entities such as the Revenue Authority or a State agency. This debt or other instrument is generally supported by lease payments. Although these lease payments are subject to annual appropriation, they constitute a long-term obligation of the County that is similar to debt service payments. These types of lease payments have a direct impact on debt capacity, in that they

should be considered comparable to debt service when comparing long-term obligations to total expenditures.

Bond Anticipation Notes (BANs)

The County will use short-term, interim financing techniques such as variable rate notes and commercial paper for the Capital Budget. Short-term financing is converted annually to long-term debt, thereby preserving the short-term status of these borrowing programs. This technique preserves working capital for use in funding the Operating Budget. It also provides flexibility with regard to the timing and the funding of capital expenditures.

Current Revenue Funding

The County will make use of available current revenues for pay-as-you-go funding of the CIP as a means of reducing the costs of debt service. When revenue levels permit, priority will be given to inclusion within annual budgets of additional cash payments for infrastructure over the amount of current revenues specifically designated to non-debt eligible capital projects. This is commonly referred to as "PAYGO" (pay-as-you-go) financing. The County will obligate to the CIP each fiscal year as PAYGO at least ten percent of the amount of general obligation bonds planned for issue that year.

Tax-Exempt Financing - Private Use

The County will support the private use of tax-exempt financing through Economic Development Revenue bonds, or such other instruments as are authorized by law, only when such financing: serves public objectives; has economic, fiscal, and social benefits for the County; and does not pledge either the full faith and credit or the taxing power of the County or its political subdivisions.

GOVERNMENTAL MANAGEMENT POLICIES

Productivity

The County will seek continuous improvement in the productivity of County programs in terms of quantity of services relative to resources expended, through all possible strategies.

Employee Involvement

The County will actively encourage and make use of the experience and expertise of its workforce for optimum program effectiveness and cost-efficiency of public service delivery through training, teamwork, employee empowerment, and other precepts of quality management.

Intergovernmental Program Efforts

The County will seek program efficiencies and cost savings through cooperative agreements and joint program efforts with other County agencies, municipalities, regional organizations, and the State and Federal governments.

Alternative Service Delivery

The County will consider obtaining public service delivery through private or nonprofit sectors via contract or service agreement, rather than through governmental programs and employees, when permitted by law, cost-effective, and consistent with other public objectives and policies.

Risk Management

The County will control its exposure to financial loss through a combination of commercial and self-insurance; self-insure against all but highest cost risks; and aggressively control its future exposure through a risk management program that allocates premium shares among agencies based on loss history.

Employee Compensation

The County will seek to provide total compensation (pay plus employee benefits) that is comparable to jobs in the private sector; comparable among similar jobs in the several County departments and agencies; and comparable between employees in collective bargaining units and those outside such units.

The government will act to contain the growth of compensation costs through organizational efficiencies within its departments and agencies, management efficiencies within its operations and service delivery, and productivity improvements within its workforce.

Pension Funds

The County will, to assure the security of benefits for current and future retirees and the solvency of the Employee Retirement System of Montgomery County, provide for the judicious management and investment of the fund's assets through the Board of Investment Trustees (BIT), and strive to increase the funding ratio of assets to accrued liability. The BIT also selects the service providers and investment options available for employees participating in the Retirement Savings Plan and the Deferred Compensation Plan. The Montgomery County Union Employees Deferred Compensation Plan is administered by the three unions representing Montgomery County employees.

Retiree Health Benefits Trust

The County intends to comply with GASB Statement 45 by reporting its expenses related to retiree health insurance benefits on its financial statements, starting with the fiscal year beginning July 1, 2007 (FY08). The County also intends to phase in to full pre-funding of its Annual Required Contribution (ARC), from the current pay-as-you-go approach, beginning with contributions to one or more trust funds established for that purpose, over an eight-year period beginning with FY08. This approach allows the County to use a discount rate higher than its operating investment rate for accounting and budgeting purposes, which will result in lower costs and liabilities than if the County did not have a Trust in place.

Surplus Property

The County will maximize the residual value of land parcels or buildings declared excess to current public needs through public reuse, lease to appropriate private organizations, or sale, in order to return them to the tax base of the County. Disposition of goods which have become obsolete, unusable, or surplus to the needs of the County will be accomplished through bid, auction, or other lawful method to the purchaser offering the highest price except under circumstances as specified by law.

Fiscal Impact Reviews

The County will review proposed local and State legislation for specific findings and recommendations relative to financial and budgetary impacts and any continuing and potential long-term effects on the operations of government.

Economic Impact Statements

Where applicable, the County will review proposed local and State legislation for specific findings and recommendations relative to economic impacts for any continuing and potential long-term effects on the economic well-being of the County.

Resource Management

The County will seek continued improvement in its budgetary and financial management capacity in order to reach the best possible decisions on resource allocation and the most effective use of budgeted resources.

POLICIES FOR REVENUES AND PROGRAM FUNDING

Diversification of Revenues

The County will establish the broadest possible base of revenues and seek alternative revenues to fund its programs and services, in order to:

- Decrease reliance on general taxation for discretionary but desirable programs and services and rely more on user fees and charges;
- Decrease the vulnerability of programs and services to reductions in tax revenues as a result of economic fluctuations; and
- Increase the level of self-support for new program initiatives and enhancements.

Revenue Projections

The County will estimate revenues in a realistic and conservative manner in order to minimize the risk of a funding shortfall.

Property Tax

The County will, to the fullest extent possible, establish property tax rates in such a way as to:

- Limit annual levies so that tax revenues are held at or below the rate of inflation, or justify exceeding those levels if extraordinary circumstances require higher rates;
- Avoid wide annual fluctuations in property tax revenue as economic and fiscal conditions change; and
- Fully and equitably obtain revenues from new construction and changes in land or property use.

A 1990 amendment to the County Charter (Section 305), "Question F," limits the annual increase in real property tax revenue to the rate of inflation plus that associated with new construction, rezoning, changes in property use, and development districts. This limit may be overridden by a vote of seven of the nine councilmembers.

County Income Tax

The County will maintain the rate for the local personal income tax within the limits specified in the Maryland Code, Tax-General Article, Section 10-106.

Special Districts

The County has established special districts within which extra services, generally not performed countywide, are provided and funded from revenues generated within those districts. Examples are the Urban, Recreation, and Parking Lot Districts. The County will also abolish special districts when the conditions which led to their creation have changed.

Most special districts have a property tax to pay all or part of the district expenses. Such property taxes are included in the overall limit set on annual real property tax revenue increases by Section 305 of the County Charter.

Special Funds

The revenues and expenditures of special districts are accounted for in special revenue funds or, in the case of Parking Lot Districts, in enterprise funds. As a general principle, these special funds pay an overhead charge to the General Fund to cover the management and support services provided by General Fund departments to these special fund programs.

When the fund balances of special funds grow to exceed mandated or otherwise appropriate levels relative to district public purposes, the County may consider transferring part of the fund balance to support other programs, as allowed by law. For example, portions of the fee and fine revenue of the Parking Lot Districts (PLDs) are transferred to the Mass Transit Fund and a portion of the PLDs' fee revenue is transferred to the Urban Districts.

Enterprise Funds

The County will, through pricing, inventory control, and other management practices, ensure appropriate fund balances for its enterprise funds while obtaining full cost-recovery for direct and indirect government support, as well as optimal levels of revenue transfer for General Fund purposes.

One-Time or "Windfall" Revenues

Except for excess revenues which must go to the Revenue Stabilization Fund (see below), the County will, whenever possible, give highest priority for the use of one-time revenues from any source to the funding of capital assets or other nonrecurring expenditures so as not to incur ongoing expenditure obligations for which revenues may not be adequate in future years.

Intergovernmental Revenues

The County will aggressively seek a fair share of available State and Federal financial support unless conditions attached to that assistance are contrary to the County's interest. Where possible, Federal or State funding for the full cost of the program will be requested, including any indirect costs of administering a grant-funded program. For reasons of fiscal prudence, the County may choose not to solicit grants that will require an undeclared fiscal commitment beyond the term of the grant.

User Fees and Charges

The County will charge users directly for certain services and use of facilities where there is immediate and direct benefit to those users, as well as a high element of personal choice or individual discretion involved, rather than fund them through general taxation. Such charges include licenses, permits, user fees, charges for services, rents, tuition, and sales of goods. This policy will also be applied to fines and forfeitures. See also: "Policies for User Fees and Charges," later in this Fiscal Policy section.

Cash Management and Investments

The objective of the County's cash management and investment program is to achieve maximum financial return on available funds while assuring a high level of safety. Cash will be pooled and invested on a daily basis reflecting the investment objective priorities of capital preservation, liquidity, and yield.

Reserves and Revenue Stabilization

The County will maintain total reserves for tax supported funds that include both an operating margin reserve and the Revenue Stabilization Fund (or "rainy day fund"). For tax supported funds, the budgeted total reserve of the operating margin and the Revenue Stabilization Fund should be at least 6.0 percent of total resources (i.e., revenues, transfers, prior year undesignated and designated fund balance).

An operating margin reserve (or unappropriated fund balance) will be budgeted for tax supported funds in order to provide sufficient funds for unanticipated revenue shortfalls or unexpected expenditure requirements.

The County's Revenue Stabilization Fund was established to accumulate funds during periods of strong economic growth in order to provide budgetary flexibility during times of funding shortfalls. Fifty percent of selected revenues in excess of budgeted amounts must be transferred to the Fund;

discretionary contributions may also be made. Unless decided otherwise by six or more councilmembers, withdrawals may be made only under certain economic conditions and may be used only to support appropriations which have become unfunded.

The budgeted reserve levels for non-tax supported funds are established by each government agency and vary based on the particular fiscal requirements and business functions of the fund as well as any relevant laws, policies, or bond covenants.

POLICIES FOR USER FEES AND CHARGES

To control the growth of property taxation as the County's principal revenue source, there is a need to closely allocate certain costs to those who most use or directly benefit from specific government programs and services. Fees and charges are those amounts received from consumers of government services or users of facilities on the basis of personal consumption or private benefit rather than individual income, wealth, or property values. Significant government revenues are and should be obtained from licenses, permits, user fees, charges for services, transit fares, rents, tuition, sales, and fines. The terms "fee" and "charge" are used here interchangeably to include each of these types of charges.

Purpose of User Fee Policy

Access to programs and services. The imposition of and level of fees and charges should be set generally to ensure economic and physical access by all residents to all programs and services provided by the government. Exceptions to this basic public policy are: the pricing of public goods (such as parking facilities) in order to attain other public policy objectives (such as public use and support of mass transit); and using a charge to enforce compliance with laws and regulations, such as fines for parking violations.

Fairness. User fees and charges are based on the idea of equity in the distribution of costs for government programs and services, with the objective of sharing those costs with the individual user when there is individual choice in the kind or amount of use, and of adjusting charges in accordance with individual ability to pay when there is no choice.

Diversification of revenue sources. User fees and charges enhance the government's ability to equitably provide programs and services which serve specific individuals and groups and for which there is no other alternative provider available. The policy objective is to decrease reliance on general revenues for those programs and services which produce direct private benefits and to fund such programs and services through revenues directly related to their costs and individual consumption.

Goals

Goals for the imposition of user fees and charges include:

- Recovery of all, or part, of government costs for the provision of certain programs and services to the extent that they directly benefit private individuals or constituencies rather than the public at large;
- Most efficient allocation of available public resources to those programs meeting the broadest public need or demand;
- More effective planning and alternative choices for future programs, services, and facilities through "market" information from actual user demand;
- Improved cost-effectiveness and accountability for the spending of public funds by allowing individual citizens to choose their level of use from among those programs, services, and facilities where individual choice may be exercised; and
- Ensuring dedicated sources of funds to cover the costs of programs and services of direct benefit to designated special areas or user groups rather than the County as a whole.

Criteria

Within these goals, government officials must consider a variety of factors in deciding whether to employ fees and charges and what rates to charge. Each proposal for a new or increased fee is evaluated according to these criteria.

Public benefit. Many programs benefit the public as a whole as well as those who directly use the service. By definition, all programs offered by government have some public benefit or they should not be undertaken. However, the rate set must balance the private benefit with the public good so that there is maximum overall benefit to the community, and the costs are fairly allocated.

This balance may be achieved either by specifying a percentage of cost recovery (from users) or by a tax subsidy for each service (from the general public). The greater the public benefit, the lower the percentage of cost recovery that is appropriate. On one end of the scale, public utilities such as water and sewer should be paid for almost entirely on the basis of individual consumption, with full cost recovery from consumer-users; on the other, public education and public safety (police and fire service) are required for the overall public good and so are almost entirely supported through general taxation.

In between are services such as public health inspections or clinic services which protect the public at large but which are provided to specific businesses or individuals; facilities such as parks which are available to and used by everyone; and playing fields, golf courses, or tennis courts which serve only special recreational interests. Services that have private benefit for only a limited number of persons (such as public housing, rent or fuel subsidies) should not be "free" unless they meet very stringent tests of public good, or some related criteria such as essential human needs.

Ability to pay. Meeting essential human needs is considered a basic function of government, and for this reason programs or services assisting the very poor are considered a "public good" even though the benefit may be entirely to individuals. Whether to assess fees and how much to charge, depends on the ability to pay by those who need and make use of programs and services provided by government.

Without adjustment, fees are "regressive" because rates do not relate to wealth or income. For this reason, services intended mainly for low-income persons may charge less than otherwise would be the case. Policies related to fee scales or waivers should be consistent within similar services or as applied to similar categories of users. Implementation of fee waivers or reductions requires a means for establishing eligibility that is fair and consistent among programs. The eligibility method also must preserve the privacy and dignity of the individual.

User discretion. Fees and charges are particularly appropriate if the user has a choice about whether or not to use a particular program or service. Individuals have choices as to: forming a business that requires a license; use of particular recreational facilities; obtaining post-secondary education; or in transportation and related facilities. When fines represent a penalty to enforce public law or regulation, citizens can avoid the charge by compliance; fines should be set at a point sufficient to deter non-compliant behavior. The rates for fines and licenses may exceed the government cost of providing the related "service" when either deterrence or rationing the special "benefit" is desired as a matter of public policy.

Market demand. Services which are fee-supported often compete for customer demand with similar services offered by private firms or by other public jurisdictions. Fees for publicly-provided goods cannot be raised above a competitive level without loss of patronage and potential reduction in cost-effectiveness. Transit fares, as a user charge, will compete with the individual's real or perceived cost of alternative choices such as the use of a private automobile. In certain cases, it may be advisable to accept a loss of volume if net revenue increases, while in others it may be desirable to set the fee to encourage use of some other public alternative.

Specialized demand. Programs with a narrow or specialized demand are particularly suitable for fees. The fee level or scale may be set to control the expansion of services or programs in which most of the public does not need or elect to participate. Services that have limitations on their availability may use fee structures as a means of rationing available capacity or distributing use over specific time periods. Examples include golf courses, parking, and transit fares, all of which have differentiated levels related to time of use. Even programs or services which benefit all or most residents may appropriately charge fees if their benefits are measurable but unequal among individuals. Charges based on consumption, such as water and sewer provision, are examples. In addition, because they do not pay taxes, nonresidents may be charged

higher rates than residents (as with community college tuition), or they may be charged a fee even if a program is entirely tax supported for County residents.

Legal constraints. State law may require, prohibit, regulate, or preempt certain existing or proposed user charges. In general, local government has no authority to tax unless specifically authorized by State law. Localities are generally able to charge for services if those charges are authorized by local ordinance and not prohibited, regulated, or preempted by State law. If a proposed fee is legally construed as a tax, then the fee may be invalidated until authorized as a tax by the State. Federal or State law may also prohibit or limit the use of charges for certain grant programs, and other Federal or State assistance may require the local authority to "match" certain amounts through imposition of charges. It should be noted that law on such issues is frequently in dispute; particular fees, or the level of charge, may be subject to legal challenge.

Program cost. The cost of a program or service is an important factor in setting user charges. Costs may include not only the direct personnel and other costs of operating a program, but also indirect costs such as overhead for government support services. In addition, a fee may be set to recover all or part of facilities construction or debt service costs attributable to a program. Recovery of any part of the costs of programs benefiting specific individuals should identify and consider the full cost of such programs or services to acknowledge the cost share which will be borne by the public at large.

Reimbursement. A decision on whether to use fees is influenced by the possibility of reimbursement or shifting of real costs that can lower the net cost to the resident. For example, some County taxes are partially deductible from Federal or State income tax, while fees and charges may not be deducted. Hence, the same revenue to the County may cost less to the resident if it is a tax rather than a fee. Charges may also be reimbursed to (shifted from) the paying individual from (or to) other sources, either governmental or private. For example, ambulance transport charges may be payable under health insurance. In general, the County will use fees to minimize the real cost to residents, within the context of equity and other criteria noted.

Administrative cost. The government incurs administrative costs to measure, bill, and collect fee revenues. In general, it is less expensive to collect tax revenue. If a potential user fee-revenue will cost more to collect than it will produce, it may not be appropriate to assess a fee even if otherwise desirable and appropriate. It is important to develop ways to measure the use of services which do not cost more than the usefulness or fairness of doing the measurement. For example, "front footage" has been used as a measurement basis for assessing certain charges related to road improvements and supply of water and sewer, to avoid the administrative cost of precisely measuring benefit. Similarly, the cost of effective collection enforcement must be weighed against total bene-

fits of the charge, including the value of deterrence if the charge is punitive.

Preserving the real value of the charge. During the period when a fee has been in effect, costs have usually risen and inflation has cut the real value of revenue produced by the fee. In some instances, adjustments to user charges have either not been imposed or have lagged behind inflation. The rate of the charge should be increased regularly to restore the former value of the revenue involved. Most fees and charges should be indexed so that their per unit revenues will keep up with inflation.

FRAMEWORK FOR FISCAL POLICY

Legal Framework

Fiscal policy is developed and amended, as necessary, according to:

- Federal law and regulation;
- Maryland law and regulation;
- Montgomery County Charter; and
- Montgomery County law and regulation.

Fiscal Planning Projections and Assumptions

Various trends and economic indicators are projected and analyzed for their impacts on County programs and services and for their impact on fiscal policy as applied to annual Operating Budgets. Among these are:

- Inflation, as measured by change in the Consumer Price Index (CPI) for the Washington-Baltimore area, is an important indicator of future costs of government goods and services, including anticipated wage and salary adjustments. The CPI change also specifies the increase in property tax revenue allowed by Section 305 of the Charter without an extraordinary vote of the Council.
- Growth of population and jobs, which are principal indicators of requirements for new or expanded programs and services.
- Demographic change in the numbers or location within the County of specific age groups or other special groups, which provides an indication of the requirements and costs of various government services and programs.
- The assessable property tax base of the County which is the principal indicator of anticipated property tax collections, a major source of general revenues.
- Personal income earned by County residents, which is a principal basis for projecting income tax revenues as one of the County's major revenue sources, as well as being a basis for determining income eligibility status for certain government programs.

- Employment growth and unemployment rates within the County, as indicators of personal income growth as a revenue source, as well as being indicators of various service or program needs, such as day care or public welfare assistance.

Generally Accepted Accounting Principles (GAAP)

The application of fiscal policy in the financial management of annual operating expenditures must be in conformity with GAAP standards. This involves the separate identification of, and accounting for, the various operating funds; adherence to required procedures such as transfers between funds and agencies; and regular audits of general County operations and special financial transactions such as the disbursement of Federal grants.

Credit Markets and Credit Reviews

The County's ability to borrow cost-effectively depends upon its credit standing as assessed by the three major credit rating agencies: Moody's, Standard and Poor's, and Fitch. While key aspects of maintaining the highest credit rating are related to the management of the County's Capital Improvements Program (CIP), others are directly applicable to the annual Operating Budgets:

- Maintenance of positive fund balances (reserves) to ensure continued County liquidity for debt repayment; and
- Assurances through County law and practice of an absolute commitment to timely repayment of debt and other obligations.

Intergovernmental Agreements

Fiscal policy for operating budgets must provide guidance for, and be applied within, the context of agreements made between the County and other jurisdictions or levels of government relative to program or service provision. Examples include agreements with:

- Incorporated municipalities or special tax districts for reimbursement of the costs of various services provided by those units for their residents which would otherwise have to be expended by the County;
- State agencies for shared costs of various social service programs and for participation in various grant and loan programs;
- Federal agencies to obtain support to meet mutual program objectives through programs such as the Community Development Block Grant; and
- Prince George's County on the annual approval of the budgets of the Washington Suburban Sanitary Commission and the Maryland-National Capital Park and Planning Commission.

CIP Fiscal Policy

DEFINITION AND PURPOSE OF FISCAL POLICY

Fiscal policy is the combined practices of government with respect to revenues, expenditures, and debt management. Fiscal policy for the Capital Improvements Program focuses on the acquisition, construction, and renovation of public facilities and on the funding of such activities, with special attention to both long-term borrowing and, increasingly, short-term debt.

The purposes of the CIP fiscal policy are:

- To encourage careful and timely decisions on the relative priority of programs and projects;
- To encourage cost effectiveness in the type, design, and construction of capital improvements;
- To assure that the County may borrow readily for essential public improvements; and
- To keep the cost of debt service and other impacts of capital projects at levels affordable in the operating budget.

The County Charter (Article 3, Sections 302 and 303) provides that the County Executive shall submit to the Council, not later than January 15 of each even-numbered calendar year, a comprehensive six-year program for capital improvements. This biennial Capital Improvements Program takes effect for the six-year period which begins in each odd-numbered fiscal year. The Charter provides that the County Executive shall submit a Capital Budget to the Council, not later than January 15 of each year.

The County Executive must also submit to the Council, not later than March 15 of each year, a proposed operating budget, along with comprehensive six-year programs for public services and fiscal policy. The Public Services Program (PSP)/Operating Budget and Capital Improvements Program (CIP)/Capital Budget constitute major elements in the County's fiscal planning for the next six years. Fiscal policies for the PSP and CIP are parts of a single consistent County fiscal policy.

In November 1990, the County's voters approved an amendment to Section 305 of the Charter to require that the Council annually adopt spending affordability guidelines for the capital and operating budgets. Spending affordability guidelines for the CIP have been interpreted in subsequent County law to be limits on the amount of general obligation debt and Park and Planning debt that may be approved for expenditure for the first year and the second year of the CIP and for the entire six years of the CIP. Spending affordability guidelines are adopted in odd-numbered calendar years. Since 1994, the Council, in conjunction with the Prince George's County Council, has adopted one-year spending limits for

WSSC. These spending control limits have included guidelines for new debt and annual debt service.

CURRENT CIP FISCAL POLICIES

The fiscal policies followed by the Executive and Council are relatively stable, but not static. They evolve in response to changes in the local economy, revenues and funding tools available, and requirements for public services. Also, policies are not absolute; policies may conflict and must be balanced in their application. Presented here are the CIP fiscal policies currently in use by the County Executive.

Policy on Eligibility for Inclusion in the CIP

Capital expenditures included as projects in the CIP should:

- Have a reasonably long useful life, or add to the physical infrastructure and capital assets of the County, or enhance the productive capacity of County services. Examples are roads, utilities, buildings, and parks. Such projects are normally eligible for debt financing.
- Generally have a defined beginning and end, as differentiated from ongoing programs in the PSP.
- Be related to current or potential infrastructure projects. Examples include facility planning or major studies. Generally, such projects are funded with current revenues.
- Be carefully planned to enable decision makers to evaluate the project based on complete and accurate information. In order to permit projects to proceed to enter the CIP once satisfactory planning is complete, a portion of "programmable expenditures" (as used in the Bond Adjustment Chart) is deliberately left available for future needs.

Policy on Funding CIP with Debt

Much of the CIP should be funded with debt. Capital projects usually have a long useful life and will serve future taxpayers as well as current taxpayers. It would be inequitable and an unreasonable fiscal burden to make current taxpayers pay for many projects out of current tax revenues. Bond issues, retired over approximately 20 years, are both necessary and equitable.

Projects deemed to be debt eligible should:

- Have a useful life at least approximately as long as the debt issue with which they are funded.
- Not be able to be funded entirely from other potential revenue sources, such as intergovernmental aid or private contributions.
- Special Note: With a trend towards more public/private partnerships, especially regarding projects aimed at the revitalization or redevelopment of the County's central business districts, there are more instances when public monies leverage private funds. These instances, however, generally bring with them the "private activity" or private

benefit (to the County's partners) that generally make it necessary for the County to use current revenue as its funding source. It is County fiscal policy that financing in partnership situations ensure that tax-exempt debt is issued only for those improvements that meet the IRS requirements for this lowest cost form of financing.

Policy on General Obligation Debt Limits

General obligation debt usually takes the form of bond issues, and pledges general tax revenue for repayment. Paying principal and interest on general obligation debt is the first claim on County revenues. By virtue of prudent management and the long-term strength of the local economy, Montgomery County has maintained the highest quality rating of its general obligation bonds, AAA. This top rating by Wall Street rating agencies, enjoyed by very few local governments in the country, assures Montgomery County of a ready market for its bonds and the lowest available interest rates on that debt.

Debt Capacity

To maintain the AAA rating, the County adheres to the following guidelines in deciding how much County general obligation debt may be issued in the six-year CIP period:

- Total debt, both existing and proposed, should be kept at about 1.5 percent of full market value (substantially the same as assessed value) of taxable real property in the County.
- Required annual debt service expenditures should be kept at about ten percent of the County's total General Fund operating budget. The General Fund excludes grants and other special revenue tax supported funds. If those special funds supported by all County taxpayers were to be included, the percentage of debt service would be below ten percent.
- Total debt outstanding and annual amounts issued, when adjusted for inflation, should not cause real debt per capita (i.e., after eliminating the effects of inflation) to rise significantly.
- The rate of repayment of bond principal should be kept at existing high levels and in the 60-75 percent range during any ten-year period.
- Total debt outstanding and annual amounts proposed should not cause the ratio of per capita debt to per capita income to rise significantly above its current level of about 3.5 percent.

Policy on Terms for General Obligation Bond Issues

Bonds are normally issued in a 20-year series, with 5 percent of the series retired each year. This practice produces equal annual payments of principal over the life of the bond issue, which means declining annual payments of interest on the outstanding bonds. Thus annual debt service on each bond issue is higher at the beginning and lower at the end. When bond market conditions warrant, or when a specific project would have a shorter useful life, then different repayment terms may be used. The Charter limits the term of any bond to 30 years.

Policy on Other Forms of General Obligation Debt

The County may issue other forms of debt as appropriate and authorized by law. From time to time, the County has issued Bond Anticipation Notes (BANs) and commercial paper for interim financing to take advantage of favorable interest rates within rules established by the Internal Revenue Service.

Policy on Minimum Allocation of PAYGO

Pay-as-you-go (PAYGO) financing funds capital costs which are eligible for debt funding with cash, reducing the amount of debt required to fund the CIP and saving interest and cost of issuance expenses. The County will allocate to the CIP each fiscal year as PAYGO at least ten percent of the amount of general obligation bonds planned for issue that year.

Policy on Use of Revenue Bonds

Revenue bonds are secured by the pledge of particular revenues to their repayment in contrast to general obligation debt, which pledges general tax revenues. The revenues pledged may be those of a Special Revenue fund, or they may be derived from the funds or revenues received from or in connection with any project, all or part of which is financed from the proceeds of revenue bonds. Revenue-based debt carries a higher interest rate but allows a direct relationship between the cost of a project and the users who benefit from it.

Policy on Use of Current Revenues

The County has the following policies on the use of current revenues in the CIP:

- Current revenues must be used for any CIP projects not eligible for debt financing by virtue of limited useful life.
- Current revenues should be used for CIP projects consisting of long-lived equipment replacement, for limited renovations of facilities, for renovations to facilities which are not owned by the County, and for planning and feasibility studies.
- Current revenues may be used when the requirements for capital expenditures press the limits of bonding capacity.

Most non-debt eligible projects funded with current revenues are budgeted in the six-year Public Services Program/Operating Budget. This significantly increases the visibility of all items competing for the same funding (current revenues), expands the capacity of elected officials and citizens to scrutinize all relevant spending choices over a multi-year time frame, and diminishes the tendency to presume that programs once in the CIP are entitled to more protection from budgetary pressures than those traditionally in the PSP.

Policy on Use of Federal and State Grants and Other Contributions

Grants and other contributions should be sought and used to fund capital projects whenever they are available on terms that are to the County's long-term fiscal advantage. Such revenues should be used as current revenues for debt avoidance and not for debt service.

Policy on Taxing New Private Sector Development

As part of a fair and balanced tax system, new development of housing, commercial, office, and other structures should contribute directly toward the cost of the new and improved transportation and other facilities required to serve that development. To implement this policy, the County has established the following taxes:

Impact Tax – Transportation. The County Council established new rates and geographical boundaries for transportation impact taxes in November 2007. These taxes are levied at four rate schedules: for the majority of the County (the General impact tax area), for designated Metro station areas, for Clarksburg and for six designated MARC station areas.

Impact Tax - Schools. Most residential development in Montgomery County is subject to an impact tax for certain school facilities. The rates are the same Countywide but vary by housing type, commensurate with the average student generation rates of that type of residential development.

School Facilities Payment. A school facilities payment is applied at subdivision review to residential development projects located in a school cluster where enrollment exceeds adopted standards. The school facilities payment is made on a per-student basis, based upon standard student generation rates of that type of residential development.

Development Approval Payment (DAP). In November 1993, the Council created an alternative voluntary review procedure for Metro station policy areas as well as limited residential development. The DAP permits development projects to proceed in certain areas subject to development restrictions. Due to the voluntary nature of this payment, DAP revenue is an unpredictable funding source and is not programmed for specific transportation improvements until after the revenue has been collected. In October 2003, the County Council revised the Annual Growth Policy to replace the Development Approval Payment with an alternative payment mechanism based upon impact tax rates.

Expedited Development Approval Excise Tax (EDAET). The EDAET, also known as Pay-and-Go, enacted by the Council in October 1997, allows certain private development to proceed with construction in moratorium and non-moratorium policy areas after the excise tax has been paid. The tax is assessed on the project based on the intended use of the building, the square footage of the building, and whether the building is in a moratorium policy area. The purpose of the four-year EDAET is to act as a stimulus to residential and commercial construction within the County by making the development approval process more certain. A few subdivisions are permitted to retain the EDAET approval longer than four years. As of December 2003, no new subdivisions may use the EDAET procedure, but several projects previously approved under the procedure have not yet acquired building permits.

Development Districts. Legislation enacted in 1994 established a procedure by which the Council may create a development district. The creation of such a special taxing district allows the County to issue low-interest, tax-exempt bonds that are used to finance the infrastructure improvements needed to allow the development to proceed. Taxes or other assessments are levied on property within the district, the revenues from which are used to pay the debt service on the bonds. Development is, therefore, allowed to proceed, and improvements are built in a timely manner. Only the additional, special tax revenues from the development district are pledged to repayment of the bonds. The County's general tax revenues are not pledged. The construction of improvements funded with development district bonds is required by law to follow the County's usual process for constructing capital improvements and, thus, must be included in the Capital Improvements Program.

Transportation Improvement (Loophole) Credits. Under certain conditions, a developer may choose to pay a transportation improvement credit in lieu of funding or constructing transportation improvements required in order to obtain development approval. These funds are used to offset the cost of needed improvements in the area from which they are paid.

Systems Development Charge (SDC). This charge, enacted by the 1993 Maryland General Assembly, authorized WSSC to assess charges based on the number and type of plumbing fixtures in new construction, effective July 19, 1993. SDC revenues may only be spent on new water and sewerage treatment, transmission, and collection facilities.

DETAILED DESCRIPTION OF CIP FUNDING SOURCES

Within each individual capital project, the funding sources for all expenditures are identified. There are three major types of funding for the capital improvements program: current revenues (including PAYGO); proceeds from bonds and other debt instruments; and grants, contributions, reimbursements, or other funds from intergovernmental and other sources.

Current Revenues

Cash contributions used to support the CIP include: transfers from general revenues, special revenues, and enterprise funds; investment income on working capital or bond proceeds; proceeds from the sale of surplus land; impact taxes, development approval payments, systems development charges, and the expedited development approval excise tax; and developer contributions. The source and application of each are discussed below.

Current Revenue Transfers. When this source is used for a capital project, cash is allocated to the capital project directly from the General, Special, or Enterprise Funds to finance direct payment of some or all of the costs of the project. The General Fund is the general operating fund of the County and is used to account for all financial resources except those required to be

accounted for in another fund. The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed primarily through user charges.

Use of current revenues is desirable as it constitutes "pay-as-you-go" financing and, when applied to debt-eligible projects, reduces the debt burden of the County. Decisions to use current revenue funding within the CIP have immediate impacts on resources available to annual operating budgets, and require recognition that certain costs of public facilities should be supported on a current basis rather than paid for over time. Current revenues from the General Fund are used for designated projects which involve broad public use and which fall outside any of the specialized funds. Current revenues from the Special and Enterprise Funds are used if the project is associated with the particular function for which these funds have been established.

PAYGO is current revenue set aside in the operating budget, but not appropriated. PAYGO is used to replace bonds for debt-eligible expenditures. PAYGO is planned to be ten percent of bonds planned for issue.

Proceeds from the Sale of Public Property. When the County sells surplus land or other real property, proceeds from the sales are deposited into the Land Sale account, and are then used to fund projects in the CIP. By law, 25 percent of the revenue from land sales must be directed to the Montgomery Housing Initiative (MHI) Fund to promote a broad range of housing opportunities in the County. Properties may be excluded from the 25 percent requirement if they are within an area designated as urban renewal or by a waiver from the County Executive.

Impact Taxes are specific charges to developers to help fund improvements to transportation and public school infrastructure. School impact taxes are charged at one rate Countywide for each type of housing. There are three sets of rates for the transportation impact tax: the majority of the County (the general area), designated Metro station areas, and Clarksburg.

All new development (residential or commercial) within the designated areas is subject to payment of applicable impact taxes as a condition to receiving building permits. The tax rates are set by law to be calculated at the time a developer applies for a building permit.

Since revenues to be obtained from impact taxes are payable only when a developer applies for building permits (which may not occur for a number of years), other funding is sometimes required for funding project construction, predicated on eventual repayment from impact taxes.

Contributions are amounts provided to the County by interested parties such as real estate developers in order to support particular capital projects. Contributions are sometimes made as a way of solving a problem which is delaying development approval. A project such as a road widening or connecting road that specifically supports a particular new development may be fully funded (and sometimes built) by the developer. Other projects may have agreed-upon cost-sharing arrangements predicated on the relationship between public and private benefit that will exist as a result of the project. For stormwater management projects, developer contributions are assessed in the form of fees in lieu of on-site construction of required facilities. These fees are applied to the construction of regional facilities serving a particular area. They are separately designated and accounted for within the Capital Projects Fund.

Bond Issues and Other Public Agency Debt

The County government and four of its Agencies are authorized by State law and/or County Charter to issue debt to finance CIP projects. This debt may be either general obligation or self-supporting debt. General obligation debt is characterized in credit analyses as being either "direct" or "overlapping." Direct debt is the sum of total bonded debt and any unfunded debt (such as short-term notes) of the government, and constitutes the direct obligations of the County government which impact its taxpayers. Overlapping debt includes all other borrowing of County agencies or incorporated municipalities within the County's geographic limits, which may impact those County taxpayers who are residents of those municipalities or those County taxpayers who are ratepayers or users of public utilities. More broadly, overlapping debt can help reveal the degree to which the total economy is being asked to support long-term fixed commitments for government facilities.

Direct General Obligation Debt is incurred by the issuance of bonds by the County government and the Maryland-National Capital Park and Planning Commission (M-NCPPC). Payment of some bonded debt issued by the Washington Suburban Sanitary Commission (WSSC) and the Housing Opportunities Commission (HOC) is also guaranteed by the County government.

County government general obligation bonds are issued for a wide variety of functions such as transportation, public schools, community college, public safety, and other programs. These bonds are legally-binding general obligations of the County and constitute an irrevocable pledge of its full faith and credit and unlimited taxing power. The County Code provides for a maximum term of 30 years, with repayment in annual serial installments. Typically, County bond issues have been structured for repayment with level annual payments of principal. Bonds are commonly issued for 20 years. The money to repay general obligation debt comes primarily from general revenues, except that debt service on general obligation bonds, if any, issued for projects of Parking Districts, Liquor, or Solid Waste funds is supported from the revenues of those enterprises.

M-NCPPC is authorized to issue general obligation bonds, also known as Park and Planning bonds, for the acquisition and development of local and certain special parks and advance land acquisition, with debt limited to that supportable within mandatory tax rates established for the Commission. Issuance is infrequent, and because repayment is guaranteed by the County, it is considered a form of direct debt. Debt for regional, conservation, and special park facilities is included within County government general obligation bond issues, with debt service included within the County government's annual operating budget.

HOC bonds which support County housing initiatives such as the acquisition of low/moderate-income rental properties may be guaranteed by the County to an aggregate amount not to exceed \$50 million, when individually authorized by the County and, as such, are considered direct debt of the County. The HOC itself has no taxing authority, and its projects are considered to be financed through self-supporting debt as noted below.

Overlapping debt is the debt of other governmental entities in the County that is payable in whole or in part by taxpayers of the County.

WSSC General Construction Bonds finance small diameter water distribution and sewage collection lines and required support facilities. They are considered general obligation bonds because they are payable from unlimited *ad valorem* taxes upon all the assessable property in the WSSC district. They are actually paid through assessments on properties being provided service and are considered to be overlapping debt rather than direct debt of the County government.

WSSC Water Supply and Sewage Disposal Bonds, which finance major system improvements, including large diameter water distribution and sewage collection lines, are paid from non-tax sources including user charges collected through water and sewer rates, which also cover all system operating costs. They are backed by unlimited *ad valorem* taxes upon all the assessable property within the WSSC district in addition to mandated rates, fees, and charges sufficient to cover debt service.

Self-Supporting Debt is authorized for the financing of CIP projects by the County government and its Agencies as follows:

County Revenue Bonds are bonds authorized by the County to finance specific projects such as parking garages and solid waste facilities, with debt service to be paid from pledged revenues received in connection with the projects. Proceeds from revenue bonds may be applied only to costs of projects for which they are authorized. They are considered separate from general obligation debt and do not constitute a pledge of the full faith and credit or unlimited taxing power of the County.

County revenue bonds have been used in the Bethesda and Silver Spring Parking Districts, supported by parking fees and fines together with parking district property taxes. County revenue bonds have also been issued for County Solid Waste Management facilities, supported with the revenues of the Solid Waste Disposal system.

HOC Mortgage Revenue Bonds are issued to support HOC project initiatives and are paid through mortgages and rents. HOC revenue bonds, including mortgage purchase bonds for single family housing, are considered fully self-supporting and do not add to either direct or overlapping debt of the County.

The Montgomery County Revenue Authority has authority to issue revenue bonds and to otherwise finance projects through notes and mortgages with land and improvements thereon serving as collateral. These are paid through revenues of the Authority's several enterprises, which include golf courses and the Montgomery County Airpark.

The County has also used the Revenue Authority as a conduit for alternative CIP funding arrangements. For example, swim centers, a building to house County and State Health and Human Services functions, and the construction of the Montgomery County Conference Center are financed through revenue bonds issued by the Revenue Authority. The County has entered into long-term leases with the Revenue Authority, and the County lease payments fund the debt service on these Revenue Authority bonds. Because these long-term leases constitute an obligation of the County similar to general debt, the value of the leases is included in debt capacity calculations.

Intergovernmental Revenues

CIP projects may be funded in whole or in part through grants, matching funds, or cost sharing agreements with the Federal government, the State of Maryland, regional bodies such as Washington Metropolitan Area Transit Authority (WMATA), or the County's incorporated municipalities.

Federal Aid. Major projects that involve Federal aid include Metro, commuter rail, interstate highway interchanges and bridges (noted within the CIP Transportation program), and various environmental construction or planning grants under WSSC projects in the Sanitation program. Most Federal aid is provided directly to the State, for redistribution to local jurisdictions.

Community Development Block Grant (CDBG). CDBG funds are a particular category of Federal aid received through annual formula allocations from the U.S. Department of Housing and Urban Development in response to County application and are identified as CIP revenues in the Housing and Community Development program. The County has programmed eligible projects for CDBG funding since 1976, with expenditures programmed within both capital and operating budgets. CDBG funds are used to assist in the costs of neighborhood improvements and facilities in areas where there is significant building deterioration, economic disadvantage, or other need for public intervention in the cycles of urban growth and

change. In addition, CDBG funding is used as "seed money" for innovative project initiatives, including redevelopment and rehabilitation loans toward preserving and enhancing older residential and commercial areas and low/moderate-income housing stock.

State Aid. This funding source includes grants, matching funds, and reimbursements for eligible County expenditures for local projects in public safety, environmental protection, courts and criminal justice, transportation, libraries, parkland acquisition and development, mental health, community college, and K-12 public education, notably in school construction.

State aid consistently falls short of funding needs predicated on State mandates or commitments. Although the State of Maryland is specifically responsible for the construction and maintenance of its numbered highways and for the construction and renovation of approved school projects, the County has in fact advance-funded projects in both categories either through cost-sharing agreements or in anticipation of at least partial reimbursements from the State. Because large County fiscal liabilities are taken on when assuming any or all project costs of State-mandated or obligated facilities, State reimbursement policies and formulas for allocation of funds are important to CIP fiscal planning.

State Aid for School Construction. State funding for school construction, initiated in FY72, is determined annually by the General Assembly on a Statewide basis.

State Aid for Higher Education. State aid is also a source of formula matching funds for community college facilities design, construction, and renovation. Funds are applied for through the Higher Education Commission for inclusion in the State Bond Bill. Approved projects may get up to 50 percent State funding for eligible costs. The total amount of aid available for all projects Statewide is determined based on yearly allocations of available bond proceeds to all Maryland jurisdictions.

State Aid for Transportation. Within the Transportation program, State contributions fund the County's local share of WMATA capital costs for Metrorail and Metrobus, as well as traffic signals and projects related to interconnecting State and local roads. Most State road construction is done under the State Consolidated Transportation Program and is not reflected in the CIP.

State Aid for Public Safety. Under Article 27, Sec. 705 of the Maryland Code, when the County makes improvements to detention and correctional centers resulting from the adoption of mandatory or approved standards, the State, through the Board of Public Works, pays for 50 percent of eligible costs of approved construction or improvements. In addition, financial assistance may be requested from the State for building or maintenance of regional detention centers, and, under 1986 legislation, the State will fund up to half the eligible costs to construct, expand, or equip local jails in need of additional capacity.

Municipal Financing. Some projects with specific benefits to an incorporated municipality within the County may include funding contributions or other financing assistance from that jurisdiction. These include road construction agreements such as with the City of Rockville, wherein the County and City share costs of interconnecting or overlapping road projects. Incorporated towns and municipalities within the County, specifically Rockville, Gaithersburg, and Poolesville, have their own capital improvements programs and may participate in County projects where there is shared benefit. The use of municipal funding in County CIP projects depends upon the following:

- Execution of cost-sharing or other agreements between the County and the municipality, committing each jurisdiction to specific terms, including responsibilities, scheduling, and cost-shares for implementation and future operation or maintenance of the project;
Approval of appropriations for the project by the legislative body of each jurisdiction; and
- Resolution of any planning or zoning issues affecting the project.

Other Revenue Sources

The use of other revenue sources to fund CIP projects are normally conditioned upon specific legislative authority or project approval, including approval of appropriations for the projects. Approval of a project may be contingent upon actual receipt of the revenues planned to fund it, as in the case of anticipated private contributions that are not subject to particular law or agreement. Other CIP funding sources and eligibility of projects for their use include:

Revolving funds include the revolving loan fund authorized to cover HOC construction loans until permanent financing is obtained. Funds are advanced from County current revenues and repaid at interest rates equivalent to those the County earns on its investments. The Advance Land Acquisition Revolving Fund (ALARF) is used to acquire land in advance of project implementation. Revolving fund appropriations are then normally repaid from the actual project after necessary appropriation is approved.

Agricultural land transfer tax receipts payable to the State but authorized to be retained by the County. These are used to cover local shares in the State purchase of agricultural land easements and for County purchase of or loan guarantees backed by transferable development rights (TDRs).

Private grants such as were provided under profit-sharing agreements with the County's Cable TV corporation, for use in developing public access facilities; and

Insurance or self-insurance proceeds, for projects being renovated or replaced as a result of damage covered by the County's self-insurance system.

THE FRAMEWORK OF FISCAL POLICY

This section presents information on a variety of information sources and factors that are considered in developing and applying fiscal policy for the CIP.

Legal Mandates

State Law. The Annotated Code of Maryland provides the basis for fiscal policy related to debt, real property assessments, and other matters:

- Article 25A (Section 5P) provides for the borrowing of monies on the faith and credit of the County and for the issuance of bonds or other evidence of indebtedness. The aggregate amount of outstanding indebtedness may not exceed 15 percent of the assessed property valuation of the County.
- Section 8-103 provides for updated assessments of property in three-year (triennial) cycles. The amount of the change in the established market value of the one-third of the properties reassessed each year is phased in over a three-year period. State law also created a ten percent assessment limitation tax credit. This program provides an automatic credit against property taxes equal to the applicable tax rate (including the State rate) times that portion of the current assessment which exceeds the previous year's assessment increased by ten percent. This benefit only applies to owner-occupied residential property.
- Other provisions of State law mandate requirements for environmental review, permits, and controls for public facilities, such as solid waste disposal sites, affecting both the cost and scheduling of these facilities.
- State law mandates specific facility standards such as requirements for school classroom space to be provided by the County for its population and may also address funding allocations to support such requirements.
- State law provides for specific kinds of funding assistance for various CIP projects. In the area of public safety, for example, Article 27, Section 705 of the Maryland Code, provides for matching funds up to 50 percent of the cost of detention or correctional facilities.
- The Maryland Economic Growth, Resource Protection and Planning Act requires the County to certify that all construction projects financed with any type of State funding are in compliance with local land use plans, including specific State-mandated environmental priorities.

County Law. Article 3 of the County Charter provides for the issuance of public debt for other than annual operating expenditures and imposes general requirements for fiscal policy:

- The capital improvements program must provide an estimate of costs, anticipated revenue sources, and an estimate of the impact of the program on County revenues and the operating budget.
- Bond issues may not be for longer than 30 years.

- Capital improvement projects which are estimated to cost in excess of an annually-established amount (for FY09, \$13.8 million) or which have unusual characteristics or importance, must be individually authorized by law, and are subject to referendum.
- In November 1990, County voters approved an amendment to Section 305 of the Charter to require that the Council annually adopt spending affordability guidelines for the capital and operating budgets. Spending affordability guidelines for the CIP have been interpreted in subsequent County law to be limits on the amount of County general obligation debt which may be approved for the first and second years of the CIP and for the entire six-year period of the CIP. Similar provisions apply to debt of the M-NCPPC. These limits may be overridden by a vote of seven of the nine Councilmembers.
- In April 1994, the Council adopted Resolution No. 12-1558 establishing a spending affordability process for WSSC. The process limits WSSC new debt, debt service, water/sewer operating expenses, and rate increases.
- The Charter amendment to Section 305, known as "Question F," limits the annual increase in property tax revenues to the rate of inflation plus the revenue associated with the assessed value of new construction. The limit may be overridden by a vote of seven of the nine Councilmembers. This revenue limit affects CIP fiscal policy by constraining revenue available for future debt service on bond issues and for current revenue contributions to capital projects.

Federal Law. Policies of the Federal Government affect County fiscal policies relative to debt issuance, revenue expectations, and expenditure controls. Examples of Federal policies that impact County fiscal policy include:

- Internal Revenue Service rules under the Tax Reform Act of 1986, as amended, provide limits on the tax-exempt issuance of public debt, and limit the amount of interest the County can earn from investment of the bond proceeds.
- County shares of costs for some major projects, such as those relating to mass transit and highway interchanges, are dependent upon Federal appropriations and allocations.
- Federal Office of Management and Budget circular A-87 prescribes the nature of expenditures that may be charged to Federal grants.
- Federal legislation will impact the planning and expenditures of specific projects, such as requirements for environmental impact statements for Federally-assisted road projects; and the Davis-Bacon Act, which requires local prevailing wage scales in contracts for Federally-assisted construction projects.

Fiscal Planning Projections and Assumptions

Several different kinds of trends and economic indicators are reviewed, projected, and analyzed each year for their impacts on County programs and services and for their impact on fiscal policy as applied to the Capital Improvements Program. Among these are:

Inflation, which is important as an indicator of future project costs or the costs of delaying capital expenditures;

Population growth, which provides an indicator of the size or scale of required facilities and services, as well as the timing of population-driven project requirements;

Demographic change in the numbers or location within the County of specific age groups or other special groups, which provides an indication of requirements and costs of specific public facilities;

Annual Growth Policy thresholds and other land use indicators, which are a determinant of major public investment in the infrastructure required to enable implementation of land use plans and authorized development within the County;

The assessable property tax base of the County, which is a major indicator for projections of revenue growth to support funding for public facilities and infrastructure;

Residential construction activity and related indicators, which provide early alerts to the specific location and timing of future public facilities requirements. It is also the most important base for projecting growth in the County's assessable property tax base and estimating property tax levels;

Nonresidential construction activity, which is the indicator of jobs, commuters, and requirements for housing and transit-related public investment. It is also one of the bases for projecting the growth of the County's assessable tax base and property tax revenues;

Employment and job growth within the County, which provide indicators for work-related public facilities and infrastructure;

Personal income earned within the County, which is the principal basis for projecting income tax revenues as one of the County's major revenue sources; and

Implementation rates for construction of public facilities and infrastructure. As measured through actual expenditures within programmed and authorized levels, implementation rates are important in establishing actual annual cash requirements to fund the CIP, and thus are a chief determinant of required annual bond issuance.

Generally Accepted Accounting Principles (GAAP)

The application of fiscal policy in the financial management of the CIP must be in conformity with GAAP standards. This involves the separate identification and accounting of the various funds which cover CIP expenditures; adherence to required procedures, such as transfers between funds and agencies; and regular audits of CIP transactions, such as the disbursement of bond proceeds and other funds to appropriate projects.

Credit Markets and Credit Reviews

The County's ability to borrow at the lowest cost of funds depends upon its credit standing as assessed by major credit rating agencies such as Moody's Investors Service, Standard & Poor's, and Fitch. Key aspects of the County's continued AAA credit ratings include:

- Adherence to sound fiscal policy relative to expenditures and funding of the CIP;
- Appropriate levels of public investment in the facilities and infrastructure required for steady economic growth;
- Effective production of the necessary revenues to fund CIP projects and support debt service generated by public borrowing;
- Facility planning, management practices and controls for cost containment, and effective implementation of the capital program;
- Planning and programming of capital projects to allow consistent levels of borrowing;
- Appropriate use and levels of revenues other than general obligation bond proceeds to fund the capital program;
- Appropriate levels of CIP funding from annual current tax revenues in order to reduce borrowing needs; and
- Assurances through County law and practice of an absolute commitment to timely repayment of debt and other obligations related to public facilities and infrastructure.

Intergovernmental Agreements

Fiscal policy for the CIP must provide guidance for and be applied within the context of agreements made between the County and other jurisdictions or levels of government. Examples include:

- Agreements with municipalities for cost shares in the construction of inter-jurisdictional roads and bridges;
- Agreements with adjacent jurisdictions related to mass transit or water supply and sewerage; and
- Agreements with Federal agencies involving projects related to Federal facilities within the County.

Past County Practice and Principles

Fiscal policy not only guides but is conditioned by the results of past as well as current County practice. Examples include:

- The former use of general obligation bond funding for the construction of parking garages, which are now more appropriately funded through revenue bond issues;
- The development of more stringent criteria for project funding through debt, with projects once considered eligible for bond-financing now being funded through current revenues or other funding sources;
- The practice of early identification within the CIP of likely projects and requirements for capital expenditure, to avoid sudden program expansion and peaks in debt issuance; and
- The principle of programming projects and expenditure schedules within their most realistic implementation time frames, rather than either inflating the early years of the program or deferring known project requirements to later years of the CIP.

Compatibility with Other County Objectives

Fiscal policy, to be effective, must be compatible with other policy goals and objectives of government. For example:

- Growth management within the County reflects a complex balance among the rights of property owners; the cost of providing infrastructure and services to support new development; and the jobs, tax revenues, and benefits that County growth brings to its residents. Fiscal policy provides guidance for the allocation of public facility costs between the developer and the taxpayer, as well as for limits on debt-supported costs of development relative to increasing County revenues from a growing assessable tax base.
- Government program and service delivery objectives range from conveniently located libraries, recreation centers, and other amenities throughout the County to comprehensive transportation management and advanced waste management systems. Each of these involves differing kinds and mixes of funding and financing arrangements that must be within the limits of County resources as well as acceptable in terms of debt management.
- Planning policies of the County affect land use, zoning and special exceptions, and economic development, as well as the provision of public services. All are interrelated, and all have implications both in their fiscal impacts (cost/revenue effects on government finances) and in economic impacts (effects on the economy of the County as a whole).

Glossary

ADEQUATE PUBLIC FACILITY (APF) - Any infrastructure improvement required by the Montgomery County Planning Board as a condition of approving a preliminary subdivision plan under the County's adequate public facilities ordinance.

AGENCY - One of the major organizational components of government in Montgomery County; for example, Montgomery County Government (executive departments, legislative offices and boards, Circuit Court and judicial offices); Montgomery County Public Schools (MCPS); Montgomery College (MC); Maryland-National Capital Park and Planning Commission (M-NCPPC); Washington Suburban Sanitary Commission (WSSC); Housing Opportunities Commission (HOC); Washington Metropolitan Area Transit Authority (WMATA); and Montgomery County Revenue Authority.

AGENCY FUND - A fiduciary fund which accounts for assets received and held by the County in a purely custodial capacity. The County uses this type of fund to account for property taxes, recreation activities, and other miscellaneous resources held temporarily for disbursement to individuals, private organizations, or other governments.

AGGREGATE OPERATING BUDGET - The total Operating Budget, exclusive of enterprise funds, the budget of the WSSC, expenditures equal to tuition and tuition-related charges received by Montgomery College, and grants. As prescribed in the *Charter of Montgomery County, Maryland*, Section 305, an aggregate operating budget which exceeds the aggregate operating budget for the preceding fiscal year by a percentage increase greater than that of the Consumer Price Index for all urban consumers of the Washington metropolitan area for the 12 months preceding December first of each year requires the affirmative vote of six Councilmembers. See also, Spending Affordability Guideline, Net Budget.

AMENDMENTS TO THE CIP - Changes to project scope, schedule, or funding which require County Council action. Proposals must meet strict criteria to be considered for amendment. Six Councilmember votes are required to approve an amendment.

APPROPRIATION - Authority to spend money within a specified dollar limit for an approved work program during the fiscal year. The County Council makes separate appropriations to each capital project and to Personnel Costs, Operating Expense, and Capital Outlay for each County operating department.

APPROPRIATION CATEGORY - One of the expenditure groupings in the appropriation for a County department; that is, Personnel Costs, Operating Expense, or Capital Outlay.

ASSESSABLE BASE - The value of all real and personal property in the County, which is used as a basis for levying taxes. Tax-exempt property is excluded from the assessable base.

ASSESSED VALUATION - The value assigned to real estate or other property by the State through its Department of Assessment and Taxation. This value is multiplied by the tax rates set annually by the Council to determine taxes due. Assessed value is less than market value.

AUTHORIZED POSITIONS - The number of positions allowed by the budget in the approved personnel complement.

BIENNIAL CIP - See Capital Improvements Program.

BOND ANTICIPATION NOTES (BAN) - Short-term, interim financing techniques, such as variable rate notes and commercial paper, issued with the expectation that the principal amount will be refunded with long-term bonds.

BOND RATING - An evaluation by investor advisory services indicating the probability of timely repayment of principal and interest on bonded indebtedness. These ratings significantly influence the interest rate that a borrowing government must pay on its bond issues. Montgomery County bonds are rated by three major advisory services: Moody's, Standard and Poor's, and Fitch. The County continues to have the highest possible rating from each of these services.

CAPITAL ASSETS - Assets of a long-term character which are intended to continue to be held or used. Examples of capital assets include items such as infrastructure, land, buildings, machinery, furniture, and other equipment.

CAPITAL BUDGET - The annual request for capital project appropriations. Project appropriations are normally for only that amount necessary to enable the implementation of the next year of the capital program expenditure plan. However, if contracted work is scheduled that will extend beyond the upcoming fiscal year, the entire contract appropriation is required, even if the work and expenditures will be spread over two or more fiscal years.

CAPITAL IMPROVEMENTS PROGRAM (CIP) - The comprehensive presentation, submitted in even-numbered calendar years, of capital project expenditure estimates, funding requirements, capital budget requests, and program data for the construction of all public buildings, roads, and other facilities planned by County agencies over a six-year period. The CIP constitutes a fiscal plan for proposed project expenditures and funding, and includes the annual capital budget for appropriations to fund project activity during the next fiscal year of the plan.

CAPITAL LEASE - A long-term rental agreement which transfers substantial rights and obligations for the use of an asset to the lessee and, generally, ownership at the end of the lease. Similar to an installment purchase, a Capital Lease may also represent the purchase of a capital asset. A capital lease results in the incurrence of a long-term liability.

CAPITAL PROJECT - A governmental effort involving expenditures and funding for the creation, expansion, renovation, or replacement of permanent facilities and other public assets having relatively long life. Expenditures within capital projects may include costs of planning, design, and construction management; land; site improvements; utilities; construction; and initial furnishings and equipment required to make a facility operational.

CARRYOVER - The process in which, at the end of one fiscal year, appropriation authority for previously-approved encumbrances and unexpended grant and capital funds are carried forward to the next fiscal year.

CHARGEBACKS / CHARGES TO OTHERS - In the budget presentation, costs which are chargeable to another agency or fund.

CHARTER - The Charter of Montgomery County is the constitution of this jurisdiction and sets out its governmental structure and powers. It was approved by the voters in 1968 and went into effect in 1970. The Charter provides for a County Council and Executive form of government.

CHARTER LIMIT - Limitations on the Operating Budget and on tax levies prescribed in the Charter of Montgomery County, Section 305. Both of these limits may be exceeded by the County Council with a sufficient number of votes. See also Spending Affordability Guideline.

COLLECTIVE BARGAINING AGREEMENT - A legal contract between the County Government or an agency as employer and a certified representative of a recognized bargaining unit of a public employee organization for specific terms and conditions of employment; for example, hours, working conditions, salaries, or employee benefits.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) - Annual funding from the Federal government for use in capital projects or operating programs such as neighborhood or business area revitalization, housing rehabilitation, and activities on behalf of older and lower-income areas of the County.

COMPENSATION - Payment made to employees in return for services performed. Total compensation includes salaries, wages, employee benefits (Social Security, employer-paid insurance premiums, disability coverage, and retirement contributions), and other forms of remuneration when these have a stated value.

CONSTANT YIELD TAX RATE - A rate which, when applied to the coming year's assessable base, exclusive of the

estimated assessed value of property appearing on the tax rolls for the first time (new construction), will produce tax revenue equal to that produced in the current tax year. State law prohibits local taxing authorities from levying a tax rate in excess of the Constant Yield Tax Rate unless they advertise and hold public hearings on their intent to levy a higher rate.

CONSUMER PRICE INDEX-URBAN (CPI-U) - A commonly accepted indicator of inflation as it applies to consumer goods, including the supplies, materials, and services required by the County. When projecting costs in outyears, expenditures are estimated to grow at the rate of inflation as measured on a fiscal year basis using the CPI-U for the Washington-Baltimore Consolidated Metropolitan Statistical Area. For purposes of the Charter limitation on the property tax, the November to November CPI-U for the preceding year is used.

COUNCIL TRANSFER OF APPROPRIATION - A transfer of unencumbered appropriation balance by the County Council between agencies or departments or to any new account, or between agency capital projects. The total cumulative transfer from any one appropriation may not exceed ten percent of the original appropriation.

CURRENT REVENUE - A funding source for the Capital Budget which is provided annually within the Operating Budget from general, special, or enterprise revenues. Current revenues are used for funding project appropriations that are not eligible for debt financing or to substitute for debt-eligible costs.

DEBT SERVICE - The annual payment of principal, interest, and issue costs for bonded indebtedness. Debt service is presented both in terms of specific bond allocations by category and fund and by sources of revenues used.

DEBT SERVICE FUND - A governmental fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

DEPARTMENT - A primary organizational unit within Montgomery County Government. For presentation purposes, "Department" includes the principal offices, boards, and commissions.

DEPRECIATION - The decline in value of a capital asset over a predetermined period of time attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence. Also, the portion of the cost of a capital asset charged as an expense during a particular period.

DEVELOPMENT DISTRICT - A special taxing district created to finance the costs of infrastructure improvements necessary for the development of land in areas of the County having a high priority for new development or redevelopment, especially in areas for which approved master plans recommend significant development.

DIVISION - A primary organizational unit within a government department or agency. Divisions are usually responsible for administering basic functions or major programs of a department.

EFFICIENCY - Outputs per unit of input, inputs per unit of output, and similar measures of how well resources are being used to produce goods and services.

EMINENT DOMAIN - The power of a government to acquire real property when the owner of that property is unwilling to negotiate a sale. The Maryland State Constitution delegates authority to the County and the County Code allows for the taking of private property by the County. The taking must serve a public purpose and the government must provide the owner with just compensation for the property taken. Any dispute regarding whether the taking will serve a public purpose or the amount of compensation is resolved by the courts.

EMPLOYEE BENEFITS - For budgeting purposes, employee (fringe) benefits are payments by the employer for Social Security, retirement, and group insurance.

EMPLOYEE - MERIT SYSTEM - Any person employed by Montgomery County Government who is subject to the provisions of the Merit System.

EMPLOYEE - TEMPORARY - An individual occupying a position required for a specific task for a period not to exceed 12 months or a position that is used intermittently on an as-needed basis (seasonal, substitute, etc.).

EMPLOYEE - TERM - An individual occupying a position created for a special term, project, or program. Any person acting in a term position also receives County benefits.

ENCUMBRANCE - An accounting commitment that reserves appropriated funds related to unperformed contracts for goods or services. The total of all expenditures and encumbrances for a department or agency in a fiscal year, or for a capital project, may not exceed its total appropriation.

ENTERPRISE FUND - A fund used to record the fiscal transactions of government activities financed and operated in a manner similar to private enterprise, with the intent that the costs of providing goods and services, including financing, are wholly recovered through charges to consumers or users. Examples include Liquor Control, parking facilities, and solid waste activities.

EXECUTIVE TRANSFER OF APPROPRIATION - A transfer of unencumbered appropriation balance by the County Executive between appropriation categories (for example, from Personnel Costs to Operating Expense) within the same department and fund, or between capital projects in the same category. The total cumulative transfers from any one appropriation may not exceed ten percent of the original appropriation (Charter, Section 309).

EXPEDITED DEVELOPMENT APPROVAL EXCISE TAX (EDAET) - A tax assessed on a development project based on the intended use of the building, the square footage of the building, and whether the building is in a moratorium policy area. The purpose of the EDAET is to act as a stimulus to residential and commercial construction within the County by making the development approval process more certain.

EXPENDITURE - A decrease in the net financial resources of the County generally due to the purchase of goods and services, the incurrence of salaries and benefits, and the payment of debt service.

FEE - A charge for service to the user or beneficiary of the service. According to State law, charges must be related to the cost of providing the service. See the Fiscal Policy section for the Executive policy on user fees.

FIDUCIARY FUNDS - Assets held by the County in a trustee capacity or as an agent for individuals, private organizations, or other governmental units, and/or other funds. In Montgomery County, these include Agency Funds, Pension and Other Employee Benefit Trust Funds, Investment Trust Fund and Private Purpose Trust Funds.

FINES/PENALTIES - Charges levied for violation of laws, regulations, or codes. They are established through Executive Regulation as provided for in County law.

FISCAL PLAN - Estimates of revenues, based on recommended tax policy and moderate economic assumptions, and projections of currently known and recommended commitments for future uses of resources.

FISCAL POLICY - The County Government's policies with respect to revenues, expenditures, and debt management as these relate to County services, programs, and capital investments. Fiscal policy provides a set of principles for the planning and programming of budgets, uses of revenues, and financial management.

FISCAL YEAR - The 12-month period to which the annual operating and capital budgets and their appropriations apply. The Montgomery County fiscal year starts on July 1 and ends on June 30.

FIXED ASSETS - See Capital Assets.

FULL-TIME EQUIVALENT (FTE) - A standardized measurement of student enrollment at the community college to account for attendance on less than a full-time basis. An FTE is defined as a course load of 15 credit hours per semester. See also Workyear.

FUND - Resources segregated for the purpose of implementing specific activities or achieving certain objectives in accordance with special regulations, restrictions, or limitations, and constituting an independent fiscal and accounting entity.

FUND BALANCE - Undesignated reserves in a fund, or the amount by which assets exceed the obligations of the fund.

Fund balance may be measured as a percentage of resources or expenditures.

GENERAL FUND - The principal operating fund for the County Government. It is used to account for all financial resources except those required by law, County policy, and generally accepted accounting principles to be accounted for in another fund.

GENERAL OBLIGATION (G.O.) DEBT - Bonded debt backed by the full faith and credit of the County to pay the scheduled retirement of principal and interest.

GENERAL REVENUES - Money received which may be used to fund general County expenditures such as education, public safety, public welfare, debt service, etc. Funds received which are restricted as to use (such as recreation) are not general revenues and are accounted for in other funds.

GENERAL WAGE ADJUSTMENT (GWA) - An increase in salaries other than seniority-based merit increases (increments). GWA has been referred to as Cost-of-Living Adjustment (COLA) in the past.

GOVERNMENTAL FUNDS - Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service fund, capital projects fund, and permanent funds.

GRANT - A payment from one level of government to another or from a private organization to a government. Grants are made for specified purposes and must be spent only for that purpose. See also Grants to Others.

GRANTS TO OTHERS - A payment by the County to a public or private nonprofit organization for a specific purpose; generally, to provide services in support of, or compatible with, government program objectives.

GROSS BUDGET - The total cost of a department's operation (not necessarily equal to the appropriation), including those expenditures that are charged to and paid by other funds, departments, agencies, or CIP projects. See also Net Budget.

GROUP POSITIONS - Jobs filled by multiple incumbents used to streamline administrative processes for hiring staff for training or for seasonal or temporary positions. Examples include Police, Fire, and Sheriff department recruits, substitute library assistants, and seasonal recreation employees.

GROWTH POLICY - A planning tool used by the County to manage the location and pace of private development and identify the need for public facilities that support private development. The growth policy tests the adequacy of transportation, schools, water and sewerage facilities, and police, fire, and health services to guide subdivision approvals. See also Adequate Public Facility.

IMPACT TAXES - A tax charged to developers that varies depending on land use. The revenues are used to pay for the

transportation and school construction projects necessary to serve new development. The County has established General, Clarksburg, Metro Policy, and the cities of Rockville and Gaithersburg as transportation impact areas. The schools impact tax is applicable countywide.

IMPLEMENTATION RATE - The estimated average annual percentage of capital projects completed that is used to calculate available bond funding. This rate reflects both the County's actual experience in meeting project schedules and anticipated events that may affect construction in the future.

INDIRECT COSTS - That component of the total cost for a service which is provided by and budgeted within another department (for example, legal support, personnel). In Montgomery County, indirect costs are calculated as a percentage of the personnel costs of the organization receiving the service, according to a formula approved by the Department of Housing and Urban Development for Federal grants. For Special Revenue and Enterprise Funds, indirect costs are transferred to the General Fund. Indirect costs are charged to grants to cover the costs of administrative, financial, human resource, and legal support.

INPUT - Resources used to produce an output or outcome, such as workyears or expenditures.

INTERFUND TRANSFER - A transfer of resources from one fund to another as required by law or appropriation. The funds are initially considered revenues of the source fund, not the receiving fund.

INTERGOVERNMENTAL REVENUE - Funds received from Federal, State, and other local government sources in the form of grants, shared taxes, reimbursements, and payments in lieu of taxes.

INTERNAL SERVICE FUNDS - Proprietary funds used to record activity (primarily goods and services) provided by one department to other departments of the County government on a cost-reimbursable basis. The County uses this type of fund to account for Motor Pool, Central Duplicating, Liability and Property Coverage Self-Insurance, and Employee Health Benefits Self-Insurance.

INVESTMENT TRUST FUND - A fiduciary fund that accounts for the external portion of the County's investment pool that belongs to legally separate entities and non-component units.

LAPSE - The reduction of gross personnel costs by an amount believed unnecessary because of turnover, vacancies, and normal delays in filling positions. The amount of lapse will differ among departments and from year to year.

LEASE-PURCHASE AGREEMENT - A contractual agreement which, although termed a "lease," is in effect a purchase contract with payments made over time.

LEVEL OF SERVICE - The current services, programs, and facilities provided by a government to its citizens. The level of

service may increase, decrease, or remain the same depending upon needs, alternatives, and available resources.

LICENSES AND PERMITS - Documents issued in order to regulate various kinds of businesses and other activities within the community. Inspection may accompany the issuance of a license or permit, as in the case of food vending licenses or building permits. In most instances, a fee is charged in conjunction with the issuance of a license or permit, generally to cover all or part of the related cost.

LOCAL EARNED INCOME TAX CREDIT - Low-income workers who qualify for the Federal earned income tax credit may also be entitled to a similar tax credit for their State of Maryland and Montgomery County income tax liabilities. Montgomery County matches the State credit for eligible residents.

MASTER PLAN - Each community within Montgomery County falls within a master plan area. Master plans include a comprehensive view of land-use trends and future development as they relate to community concerns such as housing, transportation, stormwater management, historic preservation, pedestrian and trail systems, environmental factors like air, water and noise pollution, and the preservation of agricultural lands. Plans outline recommended land uses, zoning, transportation facilities, and recommended general locations for such public facilities as schools, parks, libraries, and fire and police stations.

MISSION - The desired end result of an activity. Missions are generally broad and long range in nature compared to goals which are more specific and immediate. An example of a mission is: "to provide safe, reliable, and cost-efficient public transportation to the residents of Montgomery County." See also Program Mission.

MONTGOMERY COUNTY GOVERNMENT - The departments and offices included in the County's executive, legislative, and judicial branches, including related boards and commissions. It excludes Montgomery County Public Schools, Montgomery College, Maryland-National Capital Park and Planning Commission, Washington Suburban Sanitary Commission, and other agencies. See also Agency.

NET ASSETS - See Fund Balance.

NET BUDGET - The legal appropriation requirement to finance a fund, department, account, agency, or CIP project. The net budget includes the funds required for charges from other funds, departments, agencies, or CIP projects for services rendered, but does not include charges made to other departments for services rendered. See also Gross Budget.

NON-DEPARTMENTAL ACCOUNT - A budget category used to account for resources used for County-funded activities that do not fall within the functional assignment of any department, or for expenditures related to more than one department.

NON-TAX SUPPORTED FUND - A fund supported by revenues other than taxes and not included in the Spending Affordability Guidelines. The exception is Parking Lot Districts that collect property taxes but, as enterprise funds, are not considered tax supported.

OPERATING BUDGET - A comprehensive plan by which the County's operating programs are funded for a single fiscal year. The Operating Budget includes descriptions of programs, appropriation authority, and estimated revenue sources, as well as related program data and information on the fiscal management of the County. See also Public Services Program.

OPERATING BUDGET IMPACT - The change in operating budget expenditures associated with the construction or improvement of government buildings or facilities. See the discussion of this subject in the CIP Planning chapter of the Recommended CIP for more information.

OPERATING AND CAPITAL EXPENSE - Those costs, other than expenditures for Personnel Costs, which are necessary to support the operation of the organization, such as charges for contractual services, telephones, printing, motor pool, office supplies and government assets. See also Expenditure.

OUTCOMES - The direct results of a program or program element on clients, users, or some other target group; the degree to which the program mission is achieved.

OUTPUT - The amount of services provided, units produced, or work accomplished.

PARTIAL CAPITALIZATION - The process of either expensing or transferring to capital assets the prior fiscal year expenditures for ongoing capital projects.

PAYGO - "Pay as you go" funding; that is, current revenue substituted for debt in capital projects that are debt eligible, or used in projects that are not debt eligible or qualified for tax-exempt financing.

PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS - The fiduciary fund used to account for all activities of the Employees' Retirement System of Montgomery County, Employees' Retirement Savings Plan, and Deferred Compensation Plan, including the accumulation of resources for, and payment of, retirement annuities and/or other benefits and administrative costs.

PERFORMANCE MEASUREMENT - Characterization of the operation and impacts of a program or service through some or all of a family of measures, such as inputs, outputs, efficiency, service quality, and outcomes.

PERMANENT FUNDS - These funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support government programs.

PERSONAL PROPERTY - Furniture, fixtures, office and industrial equipment, machinery, tools, supplies, inventory, and any other property not classified as real property. See also Real Property.

PERSONNEL COMPLEMENT - The full- and part-time positions, workyears, and costs related to employees of the departments and agencies of the County.

PERSONNEL COSTS - Expenditures for salaries, wages, and benefits payable to County employees.

POSITIONS - Identified jobs into which persons may be hired on either a part-time or full-time basis.

PRIVATE PURPOSE TRUST FUNDS - A fiduciary fund that involves trust arrangements under which the principal and income benefit individuals, private organizations, or other governments.

PRODUCTIVITY IMPROVEMENT - Increased quantity or improved quality of goods or services using the same or fewer resources. Productivity improvement can be achieved through cost efficiencies, alternative means of delivering services, streamlining organizational structures, making use of automation and other time- or labor-saving innovations, and eliminating unnecessary procedures or requirements.

PROGRAM - A primary service, function, or set of activities which address a specific responsibility or goal within an agency's mission. A program encompasses all associated activities directed toward the attainment of established objectives; for example, the School Health Program. A program will have clearly defined, attainable objectives, which may be short-term or long-term in nature, and will have measurable outputs and outcomes.

PROGRAM MISSION - A broad statement of the purpose of a program; that is, what the program is intended to accomplish, why it is undertaken, and for whom it is undertaken. See also Mission.

PUBLIC HEARINGS - Opportunities for citizens and constituent groups to voice opinions and concerns to public officials. During the annual budget process, the County Charter requires that public hearings be conducted by the County Council not earlier than 21 days after receipt of the Executive's Recommended Budget.

PUBLIC SERVICES PROGRAM (PSP) - A forecast of public service requirements over the next six years, submitted annually by the Executive to the County Council. Its purpose is to provide guidance for the orderly planning of services with regard to population changes, socio-economic variables, potentially needed public facilities, and anticipated new or changing needs of County citizens. The PSP includes the County Executive's fiscal policy statements. The first year of the PSP is referred to as the operating budget.

REALLOCATION OF APPROPRIATION - The transfer of unencumbered appropriations (expenditure authority) within

the same appropriation category and within the same department and fund.

REAL PROPERTY - Real estate, including land and improvements (buildings, fences, pavements, etc.), classified for purposes of assessment. See also Personal Property.

RESERVE - An account used either to set aside legally budgeted resources that are not required for expenditure in the current budget year or to earmark resources for a specific future purpose. See also Fund Balance.

RESOURCES - Units of input such as workyears, funds, material, equipment, facilities, or other elements supplied to produce and deliver services required to meet program objectives. From a fiscal point of view, resources include revenues, net transfers, and available fund balance. See also Inputs.

REVENUE - All funds that the County receives, including tax payments, fees for specific services, receipts from other governments, fines, forfeitures, shared revenues, and interest income.

REVENUE BONDS - An obligation issued to finance a revenue-producing enterprise, with principal and interest payable exclusively from the earnings and other revenues of the enterprise. See also Enterprise Fund.

REVENUE STABILIZATION FUND - A special revenue fund that accounts for the accumulation of resources during periods of economic growth and prosperity when revenue collections exceed estimates. These funds may then be drawn upon during periods of economic slowdown when collections fall short of revenue estimates. See also Special Revenue Fund.

RISK MANAGEMENT - A process used to identify and measure the risks of accidental loss, to develop and implement techniques for handling risk, and to monitor results. Techniques used can include self-insurance, commercial insurance, and loss control activities.

SALARIES AND WAGES - An expenditure category for monetary compensation to employees in the form of annual or hourly rates of pay for hours worked.

SALARY SCHEDULE - A listing of minimum and maximum salaries for each grade level in a classification plan for merit system positions.

SELF-INSURANCE - The funding of liability, property, workers' compensation, unemployment, and life and health insurance needs through the County's financial resources rather than commercial insurance plans.

SERVICE QUALITY - The degree to which customers are satisfied with a program, the accuracy or timeliness with which the service is provided, and other measures that focus on the merit of the service delivery process itself.

SET-ASIDE - See Unappropriated Reserves.

SOLID WASTE DISPOSAL FEE - See Tipping Fee.

SOLID WASTE (REFUSE) CHARGE - The annual charge, appearing on the County's Consolidated Tax Bill, applied to residences in the Solid Waste Collection District for the collection and disposal of solid waste for each household in the district. The charge includes a collection fee to cover hauling costs paid to collection contractors, a service charge which includes a charge based on the tipping fee, and a systems benefit charge.

SPECIAL APPROPRIATION - Additional spending authority approved by the County Council (Charter, Section 308). The appropriation must state that it is necessary to meet an unforeseen disaster or other emergency, or to act without delay in the public interest. There must be approval by not less than six members of the Council. The Council may make a special appropriation any time after public notice by news release. See also Supplemental Appropriation.

SPECIAL REVENUE FUNDS - A governmental fund used to record the receipt and use of resources which, by law, generally accepted accounting principles, or County policy, must be kept distinct from the general revenues of the County. Revenues for Special Revenue Funds are generally from a special tax on a specific geographical area.

SPECIAL TAXING DISTRICT - A geographic area that is established by legislation within which a special tax is levied to provide for specific services to the area.

SPENDING AFFORDABILITY GUIDELINE (SAG) - An approach to budgeting that assigns expenditure ceilings for the forthcoming budget year, based on expected revenues and other factors. Under the County Charter (Section 305), the County Council is required to establish spending affordability guidelines for both the capital and operating budgets. Spending affordability limits are also set for WSSC by the Councils of Montgomery and Prince George's Counties.

STRUCTURAL BUDGET DEFICIT - The excess of spending over revenue due to an underlying imbalance between the ongoing cost of government operations and predicted revenue collections.

SUPPLEMENTAL APPROPRIATION - An appropriation of funds above amounts originally appropriated, to authorize expenditures not anticipated in the adopted budget. A supplemental appropriation is required to enable expenditure of reserves or additional revenues received by the County through grants or other sources. See also Special Appropriation.

TAX SUPPORTED FUND - A fund, either the General Fund or a special revenue fund, supported in part by tax revenues and included in Spending Affordability Guidelines.

TIPPING FEE - A fee charged for each ton of solid waste disposed of, or "tipped," at the Solid Waste Transfer Station. Each year the County Executive recommends, and the County Council approves, a tipping fee based on a projection of costs

for solid waste disposal as well as the tonnage of solid waste generated. Also referred to as the Solid Waste Disposal Fee.

TRANSFER OF APPROPRIATION - See Council Transfer of Appropriation and Executive Transfer of Appropriation.

TRANSFER OF FUNDS - See Interfund Transfer.

UNAPPROPRIATED RESERVES - The planned-for excess of revenues over budgeted expenditures, within any of the various government funds, that provides funding for unexpected and unbudgeted expenditures that may be required during the fiscal year following budget approval. Use of this reserve requires County Council appropriation prior to its expenditure. The County Charter (Section 310) requires that unappropriated reserves within the General Fund may not exceed five percent of General Fund revenue. Also referred to as the Set-Aside for future projects in the capital program.

WATER QUALITY PROTECTION CHARGE - A charge imposed on each residential property and associated nonresidential property and used for construction, operation, and maintenance of stormwater management facilities and related expenses.

WORKLOAD - The external demand that drives County activities.

WORKYEAR - A standardized unit for measurement of government personnel effort and costs. A workyear is the equivalent of 2,080 workhours or 260 workdays. This term is roughly equal to "Full-Time Equivalents" as used by other organizations.

YEAR END BALANCE - See Fund Balance.

Readers not finding a term in this glossary are invited to call the Office of Management and Budget at 240.777.2800.

Acronyms

ADA	Americans with Disabilities Act	DPWT	Department of Public Works and Transportation
AFDC	Aid to Families with Dependent Children	ECC	Emergency Communications Center
AHCMC	Arts and Humanities Council of Montgomery County	EEOC	Equal Employment Opportunity Commission
ALARF	Advance land acquisition revolving fund	EFO	Educational Facilities Officer
APFO	Adequate Public Facilities Ordinance	EITC	Earned Income Tax Credit
ATMS	Advanced Transportation Management System	EMOC	Equipment and Maintenance Operations Center
BAN	Bond anticipation note	EOB	Executive Office Building
BIT	Board of Investment Trustees	EOC	Emergency Operations Center
BLC	Board of License Commissioners	ERP	Enterprise Resource Planning
BOE	Board of Education	ERS	Employee Retirement System
CAD	Computer aided dispatching	ESOL	English for Speakers of Other Languages
CAFR	Comprehensive Annual Financial Report	FEMA	Federal Emergency Management Agency
CAO	Chief Administrative Officer	FFI	Future fiscal impact
CATV	Cable television	FLSA	Fair Labor Standards Act
CBD	Central business district	FOP	Fraternal Order of Police
CCM	County Cable Montgomery	FRC	Fire and Rescue Commission
CDBG	Community Development Block Grant	FTE	Full-time equivalent
CE	County Executive	FY	Fiscal year
CIP	Capital Improvements Program	GAAP	Generally accepted accounting principles
CJCC	Criminal Justice Coordinating Commission	GASB	Government Accounting Standards Board
CJIS	Criminal Justice Information System	GDP	Gross Domestic Product
CNG	Compressed natural gas	GFOA	Government Finance Officers Association
COBRA	Consolidated Omnibus Budget Reconciliation Act	GIS	Geographic information systems
COG	Council of Governments	GO bonds	General obligation bonds
COMAR	Code of Maryland Annotated Regulations	GWA	General wage adjustment
CPI-U	Consumer Price Index – Urban	HIPAA	Health Insurance Portability and Accountability Act
CRIMS	Correction and Rehabilitation Information Management System	HOC	Housing Opportunities Commission
CUPF	Community Use of Public Facilities	HUD	U.S. Department of Housing and Urban Development
CVB	Conference and Visitors Bureau	HVAC	Heating, ventilation, air conditioning
DBM	Maryland State Department of Budget and Management	IAFC	International Association of Fire Chiefs
DCM	Desktop computer modernization	IAFF	International Association of Fire Fighters
DED	Department of Economic Development	ICEUM	Interagency Committee on Energy and Utility Management
DEP	Department of Environmental Protection	IJIS	Integrated Justice Information System
DHCA	Department of Housing and Community Affairs	IT	Information technology
DHHS	Department of Health and Human Services	ITPCC	Interagency Technology Policy and Coordination Committee
DLC	Department of Liquor Control	LEP	Limited English proficiency
DOCR	Department of Correction and Rehabilitation	LFRD	Local fire and rescue department
		MACo	Maryland Association of Counties

MC	Montgomery College	TMC	Transportation Management Center
MCAASP	Montgomery County Association of Administrative and Supervisory Personnel	TS	Tax supported
MCCF	Montgomery County Correctional Facility	WMATA	Washington Metropolitan Area Transit Authority
MCCSSE	Montgomery County Council of Supporting Service Employees	WSSC	Washington Suburban Sanitary Commission
MCDC	Montgomery County Detention Center	WSTC	Washington Suburban Transit Commission
MCEA	Montgomery County Education Association	WY	Workyear
MCFRS	Montgomery County Fire and Rescue Service		
MCG	Montgomery County Government		
MCGEO	Municipal and County Government Employees Organization		
MCHSD	Montgomery County Homeland Security Department		
MCPD	Montgomery County Police Department		
MCPS	Montgomery County Public Schools		
MCT	Montgomery Community Television		
MHI	Montgomery Housing Initiative		
MLS	Management Leadership Service		
M-NCPPC	Maryland-National Capital Park and Planning Commission		
MPDU	Moderately priced dwelling unit		
NACo	National Association of Counties		
NDA	Non-departmental account		
NTS	Non-tax supported		
OCP	Office of Consumer Protection		
OHR	Office of Human Resources		
OLO	Office of Legislative Oversight		
OMB	Office of Management and Budget		
OBI	Operating budget impact		
OSHA	Occupational Safety and Health Administration		
PAYGO	Pay-as-you-go financing		
PDF	Project description form		
PEG	Public, educational, and governmental cable programming		
PILOT	Payment in lieu of taxes		
PLAR	Planned lifecycle asset replacement		
PLD	Parking Lot District		
PSCC	Public Safety Communications Center		
PSCS	Public Safety Communications System		
PSP	Public Services Program		
PSTA	Public Safety Training Academy		
RMS	Records Management System		
RSP	Retirement savings plan		
SAG	Spending Affordability Guidelines		
